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SENATE—*Monday, June 10, 1996*

The Senate met at 12 noon and was called to order by the Honorable JON KYL, a Senator from the State of Arizona.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, thank You for Your faithfulness. You bless us beyond our expectations and give us what we need on time, and in time. Today, our prayer is for a much better memory of how You have heard and answered our petitions in the past.

We commit this day to count our blessings. We thank You for the gift of life, for our relationship with You, for Your grace and forgiveness, for our families and friends, for the privilege of work to do well, for problems and perplexities that force us to trust You more, and for the assurance that You can use even the dark threads of difficulties in weaving the tapestry of our lives. Knowing how you delight to bless a thankful person, we thank You in advance for Your strength and care today. Thank You not just for what You do, but for who You are, our blessed God and loving Father. In Your holy name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. THURMOND].

The legislative clerk read as follows:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 10, 1996.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JON KYL, a Senator from the State of Arizona, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. KYL thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, today, there is a period for morning business, with the following Senators in control of the designated times: Senator HOLLINGS, 30 minutes; Senator DOMENICI will be controlling the time from 1 to 3:30; Senator DASCHLE, or his designee, from 3:30 to 4:30; Senator COVERDELL, or his designee, from 4:30 to 5:30.

It is hoped that any Senator wishing to speak on the budget resolution conference report will do so today in order to complete action on the budget during tomorrow's session—hopefully before noon—on that matter. Rollcall votes are possible today.

I indicated, I think, on Thursday that we are still trying to clear a number of the nominees. We have cleared some. We have not had much success in the judicial nomination area. I would like, where we can, to dispose of those before I leave the Senate tomorrow. If you want to have a vote, let us have a vote. I hope we can move the nominations that may be on the calendar—maybe with one or two exceptions—so that those people who have been nominated and have had their hearings will be able to pursue their careers.

I have suggested that, if we cannot agree on the package, we can start down the list and go one at a time. If people want to vote, we will vote on judge A, judge B, judge C. That way, at least we can dispose of some of those matters.

It is also my hope today that we can clear for immediate consideration Calendar No. 253, S. 1438. This deals with the World Trade Organization. In fact, it is an agreement I made with President Clinton. We are talking about passage of the GATT agreement. I was concerned about the World Trade Organization and concerned about there not being enough input from Congress. So there was an agreement between myself and Mickey Kantor, the Trade Representative, and the President, that we would pursue legislation to give Congress additional input and permit Congress, in certain cases, to withdraw—or at least initiate proceedings to withdraw—from the World Trade Organization. It was carefully worked out at one time. At one time, it had cleared on both sides. Senator BYRD had a problem, and I think that problem has now been resolved.

I have not asked for much around here, as far as clearing things for myself, although I have done it for other people. I hope we might be able to clear this without amendment today and send it to the House, so the President will have it on his desk for signature—which he is perfectly willing to do.

It is my understanding that a new offer will be made with reference to health reform, the bill that passed this body by a large margin. It is still my hope—maybe only a hope—that we can complete action on that matter, if not today, sometime tomorrow. In any event, it is my hope that we can get the agreement. If I am not here to vote on it, I hope we can have the agreement. It is going to take some give on all sides. We cannot have people dictate to us and attack us up in the Press Gallery and expect to make any progress. I will not engage in that myself. I do not think that advances the cause of what we are attempting to do.

Hopefully, we can reach some agreement on that today. I will do all I can to make it happen. I think there has to be give and take on each side. I think, in this case, the House has been very forthcoming on a number of issues that we did not want in our bill. It is not in the Senate bill. It is down to the issue of medical savings accounts. The House feels very strongly about it, and I think about half of the Members here feel very strongly about it.

So it seems to me that we ought to reach some accommodation on medical savings accounts and send this bill to the President for his signature. I assume he will sign it. There have been a lot of different proposals made—some rather useless, and others that I think

● This "bullet" symbol identifies statements or insertions which are not spoken by a member of the Senate on the floor.

have some merit. Hopefully, we can resolve that.

I understand Senator KASSEBAUM will be sending us—and maybe it is in my office now—a counterproposal, on which I will meet and discuss with my House colleagues, in the hopes that we can resolve that, too, before the day is out.

Mr. KENNEDY. Will the Senator be willing to yield briefly on that subject matter?

Mr. DOLE. Sure.

The ACTING PRESIDENT pro tempore. If the Senator will suspend for a moment, I will take care of another matter.

MEASURE PLACED ON THE CALENDAR—H.R. 3120

The ACTING PRESIDENT pro tempore. I ask the clerk to read a bill for the second time.

The legislative clerk read as follows:

A bill (H.R. 3120) to amend Title 18, United States Code, with respect to witness retaliation, witness tampering, and jury tampering.

Mr. DOLE. Mr. President, I object to further consideration of this bill at this time.

The ACTING PRESIDENT pro tempore. The bill will be placed on the calendar.

Mr. KENNEDY addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Massachusetts.

HEALTH CARE REFORM

Mr. KENNEDY. Mr. President, I appreciate the majority leader yielding. I join with him in the eternal hope that, perhaps while he is still here, there may be a successful conclusion of this legislation; or, if not, at least an agreement can be made that can be followed up in his absence. I have stated on other occasions that the majority leader has been very much involved in this legislation.

Senator KASSEBAUM has been a real leader on this issue. It has been a bipartisan process in the Senate. Many of the ideas that have been incorporated in the legislation dealing with preexisting conditions, and portability have been incorporated from the legislation that the majority leader has offered in the past. Although we have had differences on the MSA issue, he, nonetheless, has indicated, since the time that he announced he was going to leave the Senate, that he was very hopeful that this legislation could be achieved while he was still here.

As recently as June 6 he indicated that its chances of success—and I think, he accurately portrayed it—are much greater with his presence here than without it. So I urge that the majority leader, because of the importance of this legislation, as well as the importance that he has placed on this legislation, and his involvement in it, that we would get the agreement, hopefully pass it while he was here; and I was even bold enough to suggest that he might want to remain here for the next few days until we were able to get this accomplished. More than 25 million Americans will be helped each year by this legislation, so it should be a top priority.

I want to ask the leader about his willingness to accept a reasonable compromise. I know that I speak in this instance for the President, who is most interested in getting a test of the idea of the MSA's, which is the principal issue at this point. The proposal from the House would provide the MSA's for approximately 80 percent of all the workers in the country. This obviously is unacceptable. I am hopeful that, with the majority leader's assistance, we could have a test of the idea so that we could explore whether it is helpful. I think reasonable people could find ways of finding a test without adopting a proposal which in effect moves toward coverage of 80 percent of the people and then eventually moves toward complete coverage without additional Senate intervention. This program is potentially too destructive to go that route. I hope he will use his own good offices to try to work with all parties to see if a legitimate proposal that could accurately be portrayed as a real test of the idea could be put into place.

There have been four separate proposals that have been advanced by the President and by others. There have been some which have been advanced by our Republican friends.

But this would be a great victory for the American people which I think the majority leader ought to share in if we are able to over the period of these next several hours agree on a real test of the idea, and I mean a reasonable kind of test and examination and evaluation prior to expanding the proposal.

Am I correct that at least the leader is going to try to see if that concept could be at least included in these negotiations?

Mr. DOLE. Mr. President, I thank the Senator from Massachusetts. I understand we have now received a proposal from my colleague, Senator KASSEBAUM. We are in the process of reviewing that proposal. I am not certain that the Senator from Massachusetts has a copy of it. But it indicates that we might be able to reach some compromise. I would like nothing better if we could conclude that today, have conferees appointed, and come to a satisfactory conclusion because, as the Senator outlined, it affects millions of Americans. It should be done. And maybe—speaking for myself, I would like to have it done before I leave. But at least if that cannot happen, I would like to have the agreement before tomorrow at 2 o'clock, and maybe under the Senate rules we could deem it passed sometime after the House takes it up. I will have to check with the Parliamentarian on that. But if we have something to agree to, everybody in the Senate, as the Senator knows, the original bill passed unanimously—hopefully we could reach some agreement today, and at least have the agreement entered. Then the Senator from Massachusetts, the Senator from Kansas, and others could dispose of it later this week.

I thank the Senator.

Mr. KENNEDY. I have not seen the proposal, and I would welcome a chance to review it—and others who have been involved in that endeavor as well; not just myself but others. Senator KASSEBAUM—we take obviously her leadership role very seriously. I hope that this time that we could work out a real evaluation of the concept without exposing tens of millions of our fellow citizens to serious disruption in their health insurance if this does not work as well as its advocated claim. That is basically the issue. I know Senator KASSEBAUM was strongly committed toward an evaluation, a reasonable experimentation, a reasonable assessment, and reporting back. I say that would certainly offer an opportunity to move this forward. I hope that would be the proposal that would be out there rather than just the imposition of the program on a vast number of our citizens. But we will certainly look forward to it.

I thank the Senator.

Mr. DOLE. Mr. President, if I could use my leader time. Is leader time reserved?

The ACTING PRESIDENT pro tempore. Leader time is reserved.

The majority leader.

TRIBUTE TO SAM NUNN

Mr. DOLE. Mr. President, on August 4, 1789, in the first year of existence, the U.S. Senate approved legislation to establish the Department of War. In the nearly 207 years since that date, the Senate has always devoted a great deal of attention to matters of national security.

Few Senators in that time, however, have devoted as much attention as Senator SAM NUNN of Georgia, who will leave this Senate next January after 24 years of service. While Senator NUNN and I have not agreed on every issue, I am just one of many Republicans who has always respected his expertise and admired his patriotism.

I especially recall the affection and admiration which our former colleague Barry Goldwater had for Senator NUNN. During the first 6 years of the Reagan administration, Senator Goldwater and Senator NUNN worked on a bipartisan basis to rebuild America's military.

Senator NUNN has also worked with another military expert, Senator RICHARD LUGAR, in working with the former Soviet Republic to relinquish their nuclear weapons.

On nondefense matters, I have appreciated Senator NUNN's strong support for a balanced budget amendment, product liability reform, and anticrime and antidrug efforts.

The high respect in which Senator NUNN is held in Washington, DC, is echoed in his home State of Georgia. In 1978, Senator NUNN won reelection with 83 percent of the vote. In 1984, he received 80 percent, he ran completely unopposed.

It goes without saying, then, that Senator NUNN could have won reelection this year. He has chosen to leave on his own terms, and I have no doubt that his voice will continue to be an important one for many years to come.

TRIBUTE TO AL SIMPSON

Mr. DOLE. Mr. President, as I look back on my years in the Senate, there are many Members to whom I am indebted for the friendship and support they have given me. I can think of no better friend, however, and no more reliable ally than AL SIMPSON.

As all Members know, AL served for 10 years as Republican whip. And no doubt about it, he made being Republican leader a much easier job. Every time I needed help, every time there was work to be done, every time something was needed as soon as possible, AL SIMPSON was there, getting the job done, and doing it with the one of a kind sense of humor that is his trademark.

AL SIMPSON is not only one of the wittiest men in Washington, he is also one of the most courageous.

From immigration to entitlement reform, he has made a habit of tackling the toughest and most controversial of issues, calling them as he sees them, and letting the cards fall where they may.

A few weeks back, much of Washington gathered to salute AL SIMPSON. Well, actually, much of Washington gathered to salute AL's wife, Ann. I regret that a delayed flight kept me from attending what by all reports was a wonderful evening. Speaker after speaker—Republicans and Democrats alike—rose to salute AL and Ann for all they have done for this institution and this city.

The highlight of the event was when former President George Bush offered an emotional tribute to the man who he called his best friend in the Senate. While AL's retirement means that President Bush is gaining a fishing buddy, it means that the Senate is losing one of its finest.

I have said before that AL SIMPSON embodies the American spirit many associate with the American cowboy. He is honest, independent, and he always judges people not by money or position—but by character.

It was once written that "out where the handclasp's a little stronger, out where the smile dwells a little longer, that is where the West begins."

If that is the case, then the fact of the matter is that the West begins wherever AL SIMPSON is, because wherever he goes, he brings handclasps and smiles with him.

TRIBUTE TO NANCY KASSEBAUM

Mr. DOLE. Mr. President, I guess it is hard to pay tribute to my colleague, Senator KASSEBAUM, because she has done such an outstanding job. And there is no question about it. She is the most popular politician we have had in our State—the most popular "politician in politics," let us put it that way; some do not like the word "politician"—for years.

Over the past several days, I have paid tribute to those colleagues who are retiring from the Senate at the conclusion of the 104th Congress; this is my final tribute.

During my years representing Kansas in the U.S. Senate, it has been my privilege to serve alongside two remarkable colleagues from Kansas.

The first was Jim Pearson, who was a Senator of great common sense and great integrity—a Senator who was widely respected by Members on both sides of the aisle.

For the past 18 years, I have had the privilege of serving alongside another person respected by all Senators for her common sense and integrity—Senator NANCY LANDON KASSEBAUM.

Senator KASSEBAUM is retiring at the end of this session, so she can spend more time with her children and grandchildren. The voters of Kansas, who have cast their ballots for her in overwhelming numbers, understand her desire to come home, but they also understand that this Chamber will be losing one of its most thoughtful and effective Members.

NANCY KASSEBAUM does not speak in a loud voice. She does not clamor for media attention. But as all Senators know, while her voice may be quiet, her will is strong. For 18 years she has simply represented the people of Kansas to the best of her abilities, and she had made a positive difference for Kansas and America in the process.

As a member of the Foreign Relations Committee, Senator KASSEBAUM has made a habit of staking out policies that provide to be prophetic. She was instrumental in the policies that helped to move South Africa away from apartheid, and she saw Saddam Hussein as a danger long before many others.

As ranking member and then Chair of the Labor and Human Resources Committee, she had fought to return dollars and decisions to the local levels, remembering the words of her father, Alf Landon, who once said, "There are some smart people in Washington, DC. There are more of them in Topeka."

Although as of tomorrow, I will no longer be NANCY's colleague, I will still be her constituent. And along with all other Kansans, I will take great pride in being able to say for 6 more months—as I have for 18 years—that NANCY KASSEBAUM is my Senator.

TRIBUTE TO SENATOR JIM EXON

Mr. DOLE. Mr. President, I have often said that the people of Kansas and Nebraska share a great deal in common besides a border. We share commonsense values. We share agricultural interests. We share a preference for public officials who say what they will do, and who do what they say.

For the past 26 years—8 in the Governor's office, and 18 here in the Senate—one of Nebraska's preeminent public officials has been JIM EXON.

A small businessman before he entered public service, Senator EXON has devoted a great deal of time to restoring fiscal responsibility to Government. Senator EXON practices what he preaches, regularly returning a substantial portion of his office allowance to the treasury.

Senator EXON has also proposed a budget freeze, and did vote for the balanced budget amendment last year. And Senator EXON knows how much I regret his decision to now oppose that amendment.

Senator EXON and I have disagreed on a variety of issues over the years, but with me—as with every other Senator—JIM EXON was always upfront and to the point.

I join with all my colleagues in wishing JIM and Pat EXON the best as they return to the State they love so much and have served so well.

TRIBUTE TO ROBERT BYRD

Mr. DOLE. Mr. President, during 1987 and 1988, I delivered a series of nearly 300 brief speeches on the Senate floor to commemorate the long history of this great institution.

Each of these so-called Senate bicentennial minutes focused on a significant person, custom, or event associated with the Senate's development during its first two centuries.

The inspiration for this project came from my fellow floor leader during that 100th Congress, Senator ROBERT C. BYRD. Beginning in 1980, Senator BYRD launched an unprecedented series of hour-long addresses to the Senate detailing this body's rich history. The 100-part series was completed in November 1989.

In recognition of this extraordinary achievement, Congress agreed to publish these addresses in four richly illustrated volumes that today are universally known as "Byrd's Senate History."

Senator BYRD has not only written about the Senate's history, he has also made it. He has set so many major records that he can justly be considered the Cal Ripken and the Michael Jordan of the Senate.

He has held more Senate party leadership offices than any other Member of either party. He has cast more rollcall votes than any Member in history—A record that he continues to break every day the Senate is in session. He has not missed a vote in 12 years, giving him a Senate career voting average of 99 percent.

Finally, ROBERT BYRD is 1 of only 3 Senators in history—that is 3 of 1,827—to have been elected to 7 full 6-year terms.

Not only has he broken all the records, he has also established an example for the rest of us and for the Nation of the best in Senatorial conduct.

ROBERT BYRD's service to the Senate has been characterized by hard work, attention to detail, boundless energy, and intense loyalty.

Mr. President, on October 21, 1988, I dedicated my final bicentennial minute to Senator BYRD and his remarkable contributions as a Senate leader.

And now, on June 10, 1996, my next to last day here in the Senate, I want to repeat the words I said 8 years ago:

> The final chapter in ROBERT BYRD's history is not likely to be written for some time, yet it is safe to say that he has set a standard as a Senator, as a legislative leader, and as a statesman that will stand among the best as long as there is a Senate.

TRIBUTE TO TOM DASCHLE

Mr. DOLE. Mr. President, during my more than 11 years as Republican leader, it has been my privilege to serve across the aisle from three Democrat leaders.

Senator BYRD sat in the leader's chair for 4 of those years, Senator George Mitchell for 6, and Senator TOM DASCHLE for the past year and a half.

When Senator DASCHLE became leader in January 1995, I said then that I had learned that the only way the Senate can run effectively is for the two leaders to have a relationship based on absolute trust.

While Senator DASCHLE and I have disagreed on the vast majority of issues before the Senate, and while he used the Senate rules to the minority's full advantage—just as I did when I was in his position, our relationship has been one of trust and mutual respect.

In fact, Senator DASCHLE has seemed to enjoy the job of minority leader so much, that I have told him one of my wishes on departing the Senate is that he will continue to serve as minority leader for many years to come.

I have also told Senator DASCHLE that serving as a Senate leader when your party holds the While House is oftentimes more frustrating than serving as leader when the opposition party holds the White House. And it is my hope that he will experience those lower frustrations next January.

But I want to thank Senator DASCHLE. We both come from the same part of the country, South Dakota and Kansas, where the weather can do us in, or do the farmers in, which does everybody else in. We both understand the importance of agriculture, but we also understand the importance of other issues that affect our colleagues, whether it is health care or whether it is the WIC Program or food stamps or other things that I worked on a long time ago with another Senator from South Dakota named George McGovern.

So I just congratulate Senator DASCHLE for his great success as the Democrat leader. I thank him for the courtesies he and Linda have extended to me and Elizabeth over the past year and a half. And I wish him the best of luck—not everything he would wish, but the best of luck, particularly when it comes to his own personal work in the Senate and his own personal life.

He does a good job. He works hard. We do not surprise each other. We trust each other; no games. And that is what makes the Senate work.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business with statements permitted not to exceed 5 minutes in length, with Senator HOLLINGS to control 30 minutes and Senator DOMENICI or his designee to control from 1 to 3:30 p.m., the Democratic leader is designated to control from 3:30 to 4:30, and Senator COVERDELL or his designee to control from 4:30 to 5:30.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that we slightly amend the unanimous consent agreement. The distinguished Senator from Massachusetts wants 6 minutes. I ask unanimous consent to yield him the 6 minutes now and that I be granted my full half-hour, until just past 1 o'clock.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Massachusetts.

Mr. KENNEDY. I thank the Senator from South Carolina for his courtesy.

MEDICAL SAVINGS ACCOUNTS AND THE HEALTH INSURANCE REFORM BILL

Mr. KENNEDY. Mr. President, the insistence of the House Republican leadership on forcing medical savings accounts into the Kassebaum-Kennedy bill has become the Trojan Horse that could destroy health insurance reform.

This untried and dangerous proposal does not belong in the consensus insurance reform bill. It has already been rejected by the Senate. A bill containing it cannot be enacted into law and signed by the President.

The Democrats and the White House have offered a fair compromise, which would provide for a controlled demonstration of the MSA concept to see if it should be expanded. But the House Republican leadership has said that it will be their way or no way. As Majority Leader ARMEY said yesterday, "I will not give up medical savings accounts," and he dared the President to veto the bill.

Senator DOLE is the only one who can break this impasse and persuade House Republicans to abandon their intransigence and pass a bipartisan bill that the President can sign. Senator DOLE clearly understands how important this program is to the American people. When the bill was passed, Senator DOLE said:

> Common sense has finally prevailed. Passage of this bill will not only improve our health care system, it could very well restore the faith of the American public that the work of Congress is not just a series of political stalemates. Even in an election year, we can work on a bipartisan basis to pass legislation that will improve the lives of so many Americans.

Senator DOLE deserves considerable credit for this bill. All of its reforms were also included, in one form or another, in the health insurance bill he introduced in the last Congress. It also includes constructive proposals that he offered for aid to small business, and to help families meet the high cost of long-term care, and to crack down on fraud and abuse in Medicare and Medicaid.

Last week, Senator DOLE said, "I'm afraid if I leave and it's not done, it might not happen." He is right. No one else has the ability to persuade House Republicans to back off their extreme position. If Senator DOLE means what he says, he should postpone his departure from the Senate for a few days and pass this bill. He can do a great deal of good for the American people by staying for a few days and finishing this legislation.

Medical savings accounts are a highly controversial issue that does not belong on this bill except on the basis of a carefully controlled test. MSA's have the potential to severely undermine the current health insurance system that millions of Americans rely on—particularly those with serious illnesses or disabilities.

MSA's are likely to raise health insurance premiums through the roof and make insurance unaffordable for large numbers of citizens. They will discourage preventive care and raise health care costs. They are a multibillion-dollar tax giveaway to the wealthy and healthy at the expense of working families and the sick. Their cost could balloon the deficit.

The Kassebaum-Kennedy bill contains consensus reforms that virtually everyone agrees on. It guarantees that no American will be denied health insurance or be saddled with exclusions for preexisting conditions because they change their job or lose their job, or because their employer changes insurance companies. It provides help to small businesses that want to join together to negotiate lower insurance premiums of the kind that only large corporations can obtain today.

The bill is truly bipartisan. It passed the Labor and Human Resources Committee 16 to 0. without medical savings accounts. It passed the Senate 100 to 0, without medical savings accounts. It will pass the House of Representatives by a wide margin, if the House Republican leadership will permit it to be offered. But, so far, they continue to insist that if medical savings accounts for the special interests are not added to the legislation, there will be no insurance reform for the American people.

Medical savings accounts sound good in theory. Why not encourage businesses and individuals to buy less costly high deductible health insurance policies and put the premium savings into a tax-free account that can be used to pay routine medical costs? But in this case, what sounds like good medicine in theory is quack medicine in practice.

Medical savings accounts are an idea whose time should never come. Under estimates by the Joint Tax Committee, they are a $3 billion tax break for the wealthy and healthy.

As the Center on Budget and Policy Priorities said, "MSA's create new tax shelter opportunities. Use of an MSA would be highly advantageous to substantial numbers of higher income taxpayers. Low- and moderate-income taxpayers would receive little or no tax benefits from using MSAs, because they either do not pay income taxes or pay taxes at much lower rates." The American Academy of Actuaries concluded that medical savings accounts are "Taking money from the unhealthy and giving it to the healthy." The Joint Tax Committee estimated that only 1 percent of the tax benefits would go to people with incomes of less than $30,000.

If more people enroll in these accounts than the estimates predict, the cost could rise to tens of billions of dollars. The Joint Tax Committee estimated that only about 1 million policies would be sold. But other analysts have estimated that enrollment could be many times higher. Those who are loudest in their clamor to reduce the deficit are willing to waste vast sums on this destructive, special interest boondoggle. If we have billions of dollars to spend on health care, we should spend them on reducing the cost of coverage for hard-working American families or on deficit reduction—not on a perverse scheme to transfer benefits from the poor and the sick to the healthy and the rich.

The most troubling aspect of medical savings accounts is the risk that they will destroy the health insurance pool, and price conventional insurance out of the reach of most American families. Medical savings accounts raise premiums for the vast majority of Americans—especially those who are sick and need coverage the most—by siphoning the healthiest people out of the insurance pool. As premiums rise for everyone else, more and more working families will be forced to drop coverage. In the words of the Congressional Budget Office, medical savings accounts "could threaten the existence of standard health insurance." Mary Nell Lenhardt, senior vice president of Blue Cross and Blue Shield concluded that MSA's destroy "the whole principle of insurance."

The Urban Institute found that, even under conservative assumptions about how many people would use medical savings accounts, the premiums for comprehensive policies could increase by 62 percent. If employers chose to contribute only the cost of the MSA, the worker's share of the premium for a comprehensive policy would rise by 300 percent.

American families who choose medical savings accounts could be exposed to financial crisis if someone in the family becomes seriously ill. As the American Academy of Actuaries said, "individuals and families who experience significant medical expenses soon after the establishment of MSA programs will face high out-of-pocket costs. These high out-of-pocket costs will not be randomly distributed. They will be concentrated among older workers and their families and among those with disabilities and chronic illness." The last thing that the American people need—especially those who need health care the most—is another massive increase in the cost of medical care.

Because they encourage high deductible plans, medical savings accounts discourage preventive care. According to the Congressional Research Service, the high deductible plans that come with MSA's mean that poor children are 40 percent less likely to get the care they need, compared to fully insured children. Abandoning preventative care is the wrong direction for health policy.

Medical savings accounts are also a giveaway to the insurance companies who have the worst record of profiting from the abuses of the current system. It is no accident that a company like the Golden Rule Insurance Co. favors medical savings accounts. This company is ranked near the bottom by Consumer Reports because of its inadequate coverage, frequent rate increases, and readiness to cancel policies.

When the Golden Rule Insurance Co. withdrew from Vermont because it was unwilling to compete on the level playing field created by the State's insurance reform, Blue Cross and Blue Shield took over the policies. They found that one in four policies included controversial extensions. Sometimes, arms, backs, breasts, and even skin were written out of coverage. Newborns were excluded unless they were born healthy.

The Republican medical savings account plan includes no provisions to prevent abuses like these. Although MSA's are billed as providing catastrophic protection, there are no prohibitions on unreasonable life-time limits, or excessive copayments when the deductible level is reached. The $3,000 per family deductible level in the bill is a minimum—not a maximum. Companies can establish a much higher level—a $5,000 or $10,000 deductible for example.

The Golden Rule Insurance Co. has refused to share any data about its plans with the American Academy of Actuaries or other impartial analysts. Golden Rule knows that medical savings accounts can't stand the light of day.

Further, Republicans are also anxious to include MSA's in the insurance reform bill, because MSA's are part of their longrun plan to dismantle Medicare and turn it over to private insurance companies. Tactics like that have no place in a consensus insurance reform bill.

Proponents of MSA's make a number of claims about the merits of medical savings accounts—but these claims can't stand the truth-in-advertising test. One major false claim is the allegation that the savings on the premium of a high deductible policy will pay for a medical savings account covering the entire deductible.

The Urban Institute concluded that for an individual policy with a deductible of $2,000, the savings to the employer that would be a meager $251—leaving you exposed to $1,749 in medical costs if you became seriously ill.

The American Academy of Actuaries compared a family comprehensive plan to an MSA with a deductible of $3,000 and found that the family would be exposed to $1,800 in costs before reaching the deductible limit.

Nothing in the Republican plan requires the employer to give all of the savings to the employee. Nothing requires the deductible to cap your liability. The insurance company could continue to charge a 20-percent or even a 50-percent copayment. In fact, they would not be required to have any limit at all on your out-of-pocket payment.

Another claim of the proponents of medical savings accounts is that they would reduce costs because people would shop around for the best care, and wouldn't go to the doctor for trivial illnesses. Every family knows that when someone is sick, the last thing on their minds is going from doctor to doctor to see who will charge the least. No family wants to be in the position of trying to decide whether chest pains or any other symptoms are something that will pass, or something that needs medical care immediately.

Proponents of MSA's try to justify this claim by relying on the Rand health insurance experiment of the 1970's. Joe White of the Brookings Institution points out that, in fact, high deductibles had the effect of reducing necessary care just as much as unnecessary care. People who are sick are not responsible for the high cost of care—health care. Providers are.

Those who support medical savings accounts also say they increase portability by giving you money to spend on health care while you are between jobs. That assumes there will be something in your savings account when you leave your job—and that won't be true for anyone with significant health problems. With hospital costs running $1,000 a day or more, no one can afford the cost of care without insurance. The Kassebaum-Kennedy bill is designed to guarantee access to coverage to people who leave their jobs—but it won't become law if medical savings accounts are attached to it.

Advocates also say that MSA's increase choice, but the American people know better. The choice to pay thousands of dollars for health care you need but cannot afford because of a high deductible is no choice at all.

In addition, Republican proponents of medical savings accounts note that some Democrats have changed their position since the last Congress. The fact is that MSA's have received much more analysis in recent years, and the pitfalls are better understood. I voted against them both times they were offered in the Labor and Human Resources Committee. In the past, President Clinton said that they are something we might explore and experiment with but he has never supported their widespread adoption. Democrats who supported them in the context of comprehensive health reform understood that they would be an add-on to comprehensive coverage with effective cost-control, not a substitute. In fact, the sense of the Senate resolution approved by the Labor and Human Resources Committee on the Health Security Act in 1994 specifically said that they were to be used "in conjunction with the comprehensive benefit package" established by the bill.

Few respectable health policy analysts support medical savings accounts under today's conditions. Editorials in the Washington Post, the New York Times, the Los Angeles Times, and the Boston Globe have condemned them.

Most important, the people who need good coverage are strongly opposed to this program. The major organizations representing consumers, the elderly, the disabled, and working families have vehemently condemned them. Who is best capable of speaking for the interests of American families and who need health care—these organizations, or the Golden Rule Insurance Company?

Most Republican leaders know that Americans want the consensus reforms in this bill and have little interest in medical savings accounts. That is why Representative KASICH said, on March 24, "We will not let medical savings accounts destroy the ability to give people portability and eliminate pre-existing conditions." He made a similar statement yesterday.

On March 29, Speaker GINGRICH said he would not let medical savings accounts stand in the way of a Presidential signature.

But actions speak louder than their words. The House Republican leadership has been unwilling to accept the fair compromise that the President and Democrats have offered on medical savings accounts. And now Republican House Majority Leader ARMEY has made it clear that the Republican strategy is to force the President to veto the legislation, and then try to blame him for the failure to enact the consensus reforms the American people need and deserve.

Whether the issue is tax fairness, preservation of comprehensive health insurance for the vast majority of Americans, or the special interests versus the public interest, medical savings accounts are bad medicine for our health care system. They are a poison pill that will kill health insurance reform. The President has offered a reasonable compromise—but he cannot fulfill his obligation to protect the health and welfare of the American people by swallowing this Republican poison pill.

Senator DOLE understands the importance of insurance reform. Two years ago, on August 17, 1994, he stated on the floor of the Senate, "We will be back. . . . And you can bet that health care will be near the top of our agenda. . . We ought to take all the common parts of these plans, put them together and pass that bill." A week later, he identified the components of reform that he thought were most important. He said, "My second suggestion is one that I have made for almost a year and a half. That we pass into law provisions to help those Americans who cannot afford insurance, who cannot get insurance because of pre-existing conditions, or who cannot keep insurance due to a job change."

Medical savings accounts were not on Senator DOLE's list then, and they should not be on his list now.

Senator DOLE is planning to leave the Senate tomorrow. But he can do the American people an immense service if he will put off his departure for a few days and help pass this bill. He knows how important this bill is. He knows that his participation is essential if House Republicans are to be persuaded to accept a reasonable compromise. I hope he will act now to end this shameful gridlock and give the American people the health reforms they deserve.

The ACTING PRESIDENT pro tempore. The Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Chair.

BALANCED BUDGET

Mr. HOLLINGS. Mr. President, let me revise my original topic. Because the distinguished majority leader is leaving, I want to talk in that context.

When Senator DOLE first came to the U.S. Senate, I had recommended Clement Haynesworth for the U.S. Supreme Court. My distinguished senior colleague had recommended another individual for that post, and I was looking to the Republican side for leadership in support of the Haynesworth nomination. The then distinguished junior Senator from Kansas, who had recently arrived in the Senate, was very, very helpful to this Senator from South Carolina.

Let me get right to the point, Mr. President. I have the greatest respect for Senator DOLE. The fact is that when we had the recent Republican primary in my State of South Carolina, I was asked to give my thoughts regarding who I thought was the best candidate in the Republican field. I categorically replied that of those vying for the Republican nomination, the distinguished Senator from Kansas, Senator DOLE, could handle the job, and there is no doubt in my mind that he could.

I think his difficulties arise from the crowd he has to carry with him, which gets right to the point of this so-called balanced budget amendment to the Constitution.

On last week, the distinguished majority leader said:

> We tried to reach out to those Senators to ensure Social Security surpluses can never again be used to mask deficit spending. I believe that after a suitable phase-in, the Federal budget could be balanced without counting the surpluses in the Social Security trust funds.

Mr. President, that is a remarkable statement, in light of the history of Social Security and the Social Security trust fund.

Specifically, in 1983, the distinguished majority leader served on the Greenspan Commission which was charged with rescuing Social Security. The Greenspan Commission recommended that after a certain period of time—which later that year was agreed to be 1992—Social Security should be off budget. We now talk in the context of Presidential campaigns and children and grandchildren. But the same was true some 13 years ago, when the majority leader, himself a member of the Greenspan Commission, issued its report and said, "Let's put Social Security off budget."

Thereafter in 1990, I offered a resolution before the Senate Budget Committee that removed Social Security outlays and receipts from deficit calculations. By a vote of 20 to 1, the Budget Committee adopted my amendment.

When it reached the floor, I teamed up with the former distinguished Senator from Pennsylvania, Senator John Heinz, and on October 18, 1990, saw the full Senate adopt our amendment by a vote of 98 to 2. We said, Social Security should not be used to obscure the size of the deficit, that it should be off budget and that it should never be included in any reporting of the deficit whether by the President or by Congress.

The distinguished Senator from Kansas voted for that amendment. And on November 5, 1990, President George Herbert Walker Bush signed it into law. Today it stands as section 13301 of the Congressional Budget Act. So much of the confusion over the budget is brought about by the failure of politicians to respect this law. This is true even though the continuing validity of the law has since been reconfirmed several times, by Senator DOLE and Senator HOLLINGS and others.

So I say when the distinguished majority leader says, "We tried to reach out to those Senators to ensure that the Social Security surplus can never again be used to mask deficit spending"—that is already the law. It is required. They act like the constitutional amendment would give us something new. The truth is, Mr. President, that the constitutional amendment trumps and repeals the existing law. That is why we did not get the votes for the balanced budget amendment.

Here is House Joint Resolution 1. The language in section 7 clearly includes Social Security trust funds in deficit calculations. It states, "Total receipts shall include all receipts of the United States Government except those derived from borrowing."

But the Government not only borrows from the public markets but also from the Social Security trust fund. As a result, at least five Senators have said, "You have got our votes if you spell out the exclusion of Social Security trust funds from deficit calculations." If we had included such language, we could have easily passed the amendment.

But the majority leader paints a different picture. That somehow or other we need a constitutional amendment that repeals the protection that we already have in the law. That is where I differ with the distinguished leader. He knows and I know that there are three stages of denial with respect to the Social Security trust fund, as my distinguished friend, Senator DORGAN, has pointed out. First, the statement is made that there is no Social Security trust fund; second, that there is one, but we are not spending it; and, third, there is one, we are spending it, but we will stop in the future.

Therein is the source of the intentional confusion that is being perpetrated on the American public. They know it, and I know it. That is why I wanted to come and correct the record, particularly with respect to the statements made by the chairman of the Budget Committee, Senator DOMENICI, and recent statements made in the press.

Let me just allude to "Clinton's Budget Game," by David S. Broder in the Washington Post, dated Sunday, June 9, 1996.

Mr. President, I ask unanimous consent that this particular editorial be printed in the RECORD in full.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 9, 1996]

CLINTON'S BUDGET GAME

(By David S. Broder)

A recent exchange between Sen. Christopher (Kit) Bond (R-Mo.) and Secretary of Veterans Affairs Jesse Brown casts a clear light on the reality behind the partisan rhetoric of the past week's budget debate.

Bond is chairman of the appropriations subcommittee that handles the VA budget. He was grilling Brown on President Clinton's budget proposal for veterans' health care and hospitalization. For next year, Bond noted, Clinton is urging a level of spending for this politically important constituency more than $1 billion higher than it was in 1995. But in the following two years—after the election—Clinton's budget would cut that spending from $17 billion down to $14 billion, and then slice it further.

How can you meet your obligations to veterans under that budget? Bond asked. "Sen. bond, we cannot," Brown replied. If funding were to remain flat (as Republicans have proposed), "it would force us to deny care to about a million veterans and it would force us to close the equivalent of 41 hospitals. So obviously . . . we will not be able to live with the red line" showing the postelection cuts suggested by Clinton.

And then Brown made this eyebrow-raising statement: "The president understands that. I talked with him personally about it and . . . he gave me his personal commitment that he was going to make sure that the nation honors its commitments to veterans and that he will negotiate the budget each and every year . . . with the veterans of the nation."

Bond: "So you are saying that these outyears mean nothing. It is all going to be negotiated in the future, so we should not worry about the president's budget plan. . . . You are not planning to live with that budget?"

Brown: "I am not planning to live with it. I am not planning to live with your budget . . . nor am I planning to live with the president's line."

Bond: "You do not work for us. You work for the president. You are saying that you do not like our budget, but you know that his budget does not mean anything."

After this remarkable exchange, Bond made similar inquiries of the director of another huge agency, Dan Goldin of NASA. He too said that White House budget officials had told him to make no plans based on the sharp cuts indicated for future years in Clinton's budget. As Goldin put it, "the White House has instructed us to take no precipitous action on out-year budgets, and we are taking them at their word."

To Bond and other Republicans, this looks suspiciously like a shell game. The president has told Congress and the country that he can achieve a balanced budget by 2002, without the serious savings in Medicare and Medicaid that Republicans have proposed. At the same time, he has said that he can keep spending in five or six priority areas at least even with inflation.

He can do all that, he has said, by cutting "less important" spending. Veterans and space budgets are not on his priority list. But the men running these programs say they have assurances that the numbers the White House has given Congress are just paper figures—not mandates to prepare for belt-tightening.

White House Budget Director Alice Rivlin has assured Bond and his colleagues—and then tried to convince me—that there is no contradiction. "Simply put," Rivlin wrote Bond, "the president is committed to the discretionary savings needed to help reach balance in 2002 . . . but will continue to revisit decisions about specific programs one year at a time."

"Nobody is cheating," Rivlin insisted in an interview with me.

"I don't think it washes," Bond said. "It's not an honest budget."

Two things are going on here. Clinton, in his desire to dodge serious cuts in politically popular programs such as Medicare and Medicaid, while promising more spending for education, the environment and law enforcement, is projecting cuts in other programs that are so severe they will be very hard to achieve. That is why people like Brown and Goldin say the cuts are unimaginable.

And second, in order to postpone the pain, Clinton is telling not just the constituents of the endangered programs but their managers that they will have plenty of opportunities in future years to stave off the cuts.

That may not be "cheating," as Rivlin says, but it is playing a game that is too clever by half. Balancing the budget means making tough choices. Clinton is postponing those choices and—by giving people the sense that the goal can be reached without giving up anything that is important—making it that much harder when the crunch comes.

Mr. HOLLINGS. The most objective, most analytical journalist and editorialist that we have writing talks about a budget game. He argues that the "President's budget is suspiciously like a shell game," quoting the distinguished Senator from Missouri, Senator BOND as saying, "It is not an honest budget."

Then let me quote Mr. Broder's words further down.

That may not be cheating, as Rivlin says, but it's playing a game that is too clever by half. Balancing the budget means making tough choices. Clinton is postponing those choices, and by giving the people the sense that the goal can be reached without giving up anything that's important.

Heavens above. Have we just discovered these budget games? Is the Clinton budget the only one deserving of blame? Just look at the Republican budget. Look at the Bush budgets. Look at the Reagan budgets. Look at the Carter, Ford, and Nixon budgets. We have not had anything but a shell game since Senator Lyndon Baines Johnson balanced the budget back in 1968–1969.

The press—Mr. Broder and others—continually refer to the Republican budget as balanced, but the facts say otherwise. I have in my hand the document itself, the fiscal year 1996 budget resolution conference report. That is what Mr. DOLE says is balanced. "Last year we passed the first balanced Federal budget in a generation." Absolutely false. And they know it.

On page 3 of their own conference report, it shows in black and white that the expected deficit in the year 2002 is $108,400,000,000. And over on page 4, the debt increases in the year 2002—the year of supposed balance—by $185,100,000,000.

How can they talk about a balanced budget when on the face of the document itself it shows a $108 billion deficit? The distinguished majority leader has to know better when he says, "Last year we passed the first balanced Federal budget in a generation." It is absolutely false.

Let me take one other particular statement, because the distinguished leader is, of course, the Republican candidate for President. We are so quick to accuse the other of not leading. In fact, Senator DOLE says that the balanced budget amendment demonstrates that the President lacks leadership. I quote again:

> President Clinton's opposition continues to be the single largest obstacle standing in the way of a balanced budget amendment to the Constitution.

I have not heard anything from President Clinton or the White House concerning the balanced budget amendment. But then again I happen to know that the single greatest obstacle to a balanced budget amendment is the intransigence of the Republican leadership with respect to not protecting the Social Security trust fund.

Because my time is limited, let me say a word about deficits and refer immediately to another article.

Mr. President, I ask unanimous consent to have printed in the RECORD the article in full, the "Ace in the Hole" by John Cassidy in the recent New Yorker magazine dated June 10, 1996.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Yorker, June 10, 1996]

ACE IN THE HOLE

(By John Cassidy)

It was James Carville, Bill Clinton's fast-talking political consultant, who in 1992 put up a now famous handwritten sign at the Little Rock campaign headquarters saying, "The Economy, Stupid." Actually, as Carville reminded me recently, the sign also contained two other statements—"Change vs. more of the same" and "Don't forget health care"—but it was the first one that captured the moment. Indeed, were it not for the economic malaise that gripped the country in late 1991 and early 1992 we might now be discussing a Quayle-Gore Presidential race.

This time around, the economy looks different, which is excellent news for the White House, although it tends to be overshadowed by more dramatic stories, such as the recent Whitewater convictions. A glance at history confirms the point. Of the sixteen occasions over the past century in which sitting Presidents have run for another term, just five incumbents lost: Taft, Hoover, Ford, Carter, and Bush. The elections of 1912 and 1976 must be seen as anomalies—thanks to Teddy Roosevelt's Bull Moose campaign and Richard Nixon's Watergate coverup, the incumbent Republican Party self-destructed in those years—which leaves 1932, 1980, and 1992, all years of financial gloom. In 1932 and 1980, the economy was actually in a slump, and in 1992 it was just emerging from a recession the previous year.

Despite some suggestions to the contrary—notably by the Heritage Foundation, a conservative think tank—this year cannot be compared with 1992, let alone 1980 or 1932. In the first quarter of 1996, inflation-adjusted growth in national output, which is the broadest index of economic performance, was 2.3 per cent on an annualized basis; over the full course of the Clinton Administration, such growth has averaged around 2.5 percent a year. This record is about average for the post-1973 era but well above the growth rate of 1.6 per cent eked out during the Bush Presidency. A number of other measures also suggest that the economy is doing significantly better than it was four years ago: two of the most widely followed are the "misery index," which is the rate of inflation added to the rate of unemployment, and the size of the federal budget deficit.

At the moment, the unemployment rate is 5.4 per cent, and the inflation rate is 2.9 per cent. Added together, these numbers produce a misery index of 8.3, which is an extremely low number. The last year it was lower was 1968, when the unemployment rate was 3.6 per cent and the inflation rate averaged 4.2 per cent. For much of the nineteen-seventies and eighties, the misery index was well into double digits. As recently as 1992, it stood at 10.4.

Perhaps the most important, and least heralded, achievement of the Clinton Administration is the improvement it has wrought in the national finances. According to the Congressional Budget Office, the federal budget deficit for the 1996 fiscal year, which began last October, will be about $145 billion. This is a large number, but it is only half the size of the deficit that the federal government recorded in 1992, which was $290 billion. And these raw numbers don't tell the full story. In ranking budget deficits, economists usually look at them in relation to the size of the economy. Measured in this way, the federal deficit this year will be about 1.9 per cent of the gross domestic product, according to the C.B.O. This figure is down from 4.9 per cent in 1992; indeed, it is the lowest such figure recorded since 1979, the year before Ronald Reagan was elected, when the budget deficit was just 1.7 per cent of G.D.P.

Statistics like these are what prompted President Clinton to make the recent claim, which had all the earmarks of election-year hyperbole, that the United States economy is "the healthiest it's been in three decades." Surprisingly, the President is not the only one making such apparently outlandish statements. In March, DRI/McGraw-Hill, a leading firm of economic consultants, issued a report saying that "normal economic indicators" suggest that the economy "is in its best shape in decades." When I asked David Wyss, the Harvard-trained economist who is the research director of DRI/McGraw-Hill, how he came to make that statement, he explained, "If you look at the economy during the Clinton Administration, you have to say that it's been a success. We have low inflation, full employment, and steady growth. This is really just about the best of all macroeconomic worlds."

To understand how the present economic situation came about, we must go back to a winter morning in Little Rock thirteen days before the Inauguration. On that day, January 7, 1993, the President-elect's entire economic and political team gathered in the Arkansas Governor's Mansion. Leon Panetta, the prospective White House budget director, presented the Bush Administration's final forecast, which had just been released in Washington. It predicted a budget deficit of $305 billion for 1997, an increase of $70 billion over previous estimates. Panetta believed the actual figure could be as high as $360 billion.

By the end of that January day, after six hours of discussions, the nascent Administration had agreed on a course of action that would define the forty-second Presidency. Clinton had been elected on a potentially contradictory platform of tax cuts for the middle class, faster economic growth, and budget-deficit reduction; in Little Rock he decided to sacrifice the first promise and prejudice the second in order to achieve the third.

The result of this decision, following eight months of intense political struggle, was the Omnibus Budget Reconciliation Act of 1993, which pledged to reduce the budget deficit by a total of about $500 billion over four years. This would be achieved through a program of about $250 billion in spending cuts and about $250 billion in tax increases.

Given the centrality of the 1993 budget act to the Clinton Administration's record, it is surprising how little attention has been paid to its results. Even some people in the White House are reluctant to discuss the subject, for fear of reminding voters of the 1993 tax increases. This is odd, because the story that has not been told is that the deficit-reduction policy turned out to be far more successful than even its authors had dared hope—a point made to me by Alan Blinder, a Princeton economics professor and a former vice-chairman of the Federal Reserve Board, who was a White House economic adviser during 1993 and 1994. "The real story is that a calculated risk was taken, and in this case it turned out far better than anybody had any reason to expect," Blinder said. "There are plenty of gambles in life that don't turn out well. This is one that turned out extremely well."

It is easy to forget how controversial the deficit-reduction policy was in 1993, even within the White House. Two books about the first year of the Clinton Administration—Bob Woodward's "The Agenda" and Elizabeth Drew's "On the Edge"—portrayed a government driven by internal dissension. At various points during that year, Hillary Clinton, George Stephanopoulos, Paul Begala, Stan Greenberg, and Mandy

Grunwald all expressed serious doubts about the deficit-reduction strategy. Begala, in particular, complained repeatedly that the White House was "obsessed" with the budget. Even the President himself had mixed feelings. According to Drew, he considered deficit reduction a "rich man's issue," and Woodward says he several times referred to his own budget plan as "a turkey."

The Woodward and Drew books were solid works of reporting, but both essentially stopped at the end of 1993, when the budget act had become law. In terms of how the deficit-reduction policy actually affected the economy, the story only begins then.

The biggest danger back in early 1993 had been that the budget package would tip the economy into another recession. As anyone who suffered through Econ 101 will recall, raising taxes and reducing government spending both tend to reduce the over-all level of demand for goods and services in the economy. President Clinton is a lawyer, not an economist, but he knew enough about the dismal science to see a potential fiasco in the making. "You have to remember that the economy was perceived to be very fragile back then," Gene Sperling, a senior White House economic adviser, recalls. "There was lots of talk about the possibility of a double-dip recession. The President's initial reaction was: If I call for a major fiscal contraction, won't there be a recession?"

At the same time, Republican leaders in Congress were warning of imminent disaster. "I believe this will lead to a recession next year," Newt Gingrich declared following the House vote on the budget package, which ended in a nerve-racking 218–216 victory for the President. "This is the Democrat machine's recession, and each one of them will be held personally accountable."

Even some of the President's economic advisers were worried about the possible impact of the planned spending cuts and tax increases. The economic models they relied on suggested that another slump was unlikely, but the models could not rule out a "growth recession" of the sort that so damaged the Bush Administration. Despite their private fears that history might repeat itself, the economic advisers argued that deficit reduction was the right thing to do—on both theoretical and practical grounds.

The theoretical argument was one that mainstream economists had been making ever since 1981, when Ronald Reagan's tax cuts put the economy on the path to fiscal chaos: budget deficits lead to higher interest rates and lower business investment, and lower investment, in turn, restricts productivity growth and technical progress, which are the keys to future prosperity. Laura D'Andrea Tyson, the Berkeley professor who headed the White House Council of Economic Advisers, repeated this argument to Clinton but coupled it with a more immediate argument: budget deficits not only do long-term damage but can lead to disastrous financial panics in the short or medium term, and these panics, which have stricken many developing countries, occur when investors lose faith in the political system.

From the perspective of mid-1996, it may sound unrealistic to suggest that the United States Treasury could ever experience such a crisis of confidence, but back in 1992 perceptions were different. In the twelve years since Reagan's election, the amount of outstanding federal debt had risen, from $909 billion to more than $4 trillion. Even allowing for growth in the economy, that rise was dramatic. The total federal debt as a percentage of G.D.P. had risen between 1980 and 1992 from 34.4 per cent to 67.6 per cent, and it seemed to be on an inexorable upward trend. "We all attached some not insignificant probability to a scenario of financial-market instability if we didn't take a credible position on the deficit," Tyson told me. "Given the growth of total debt relative to output, there really was a danger that at some point—nobody could know when—the United States could hit a confidence problem."

Bill Clinton didn't need much convincing that budget deficits were bad, but he did need a good deal of reassurance that doing something about them wouldn't wreck his chances of reelection. In making a practical case for deficit reduction, his advisers relied primarily on one of the institutions that the Democratic candidate had railed against in his populist attack on the Reagan-Bush years; the Wall Street bond market.

Their argument was that deficit reduction needn't necessarily be a drag on the economy, as Econ 101 models suggest, because these simple models ignore the effect a credible fiscal plan can have on the bond market. If bond traders could be persuaded that the planned budget cuts were real, they would bid down long-term interest rates, and the decline in rates would provide a boost to the economy which would at least partly offset the proposed higher taxes and lower government spending. The key thing to understand, as the experts explained to the President-elect, was that the long-term interest rate is determined not by the government but by the bond market; in fact, it is basically equal to the nominal coupon on a thirty-year bond divided by the bond's market price, so anything that raises bond prices also reduces long-term interest rates. There was a sequel to the story. If, in addition to the favorable bond-market reaction, the Federal Reserve's response to the budget package was to cut short-term interest rates, which are under its control, then deficit reduction might not slow the economy at all.

When this scenario was laid out for the President-elect in Little Rock, it did not go down well, as Woodward recorded: "At the President-elect's end of the table, Clinton's face turned red with anger and disbelief. 'You mean to tell me that the success of the program and my reelection hinges on the Federal Reserve and a bunch of —— bond traders?' he responded in a half whisper. Nods from his end of the table. Not a dissent."

Clinton's advisers were well aware that relying on the bond market was a high-risk strategy: traders might ignore the budget package, or dismiss it as another Washington gimmick. "We all believed in the direction of the argument, but even the models themselves were uncertain about the size of the effects and how fast they would occur," Tyson recalls. "There was a range of estimates."

In order to provide an alternative short-term stimulus to the economy, the White House proposed an immediate $16 billion program of public investments. "People called it old-fashioned Democratic spending, but it was really done as an insurance policy," Sperling explains. Congress killed the stimulus package, however, leaving the advisers in the White House even more beholden to Wall Street, a place few of them knew well.

The one senior official who knew a lot about bond markets was Robert Rubin, the head of the newly created National Economic Council, for he had only recently left Goldman, Sachs, the highly profitable investment-banking and securities firm, after twenty-six years. Rubin, who later succeeded Lloyd Bentsen as Treasury Secretary, was a passionate believer in deficit reduction; indeed, he saw it as a "threshold issue," which had to be dealt with before anything else positive could happen to the Administration. But even he was far from certain how his former colleagues would react to the budget package. "We'd seen a long period during which the political process had not dealt with the deficit," Rubin explained to me recently. "Given the very high level of skepticism in the markets about the willingness of the system to make tough decisions, it was unclear how long it would take before the market gave us credit for deficit reduction. There was at least the possibility that the skepticism would last much longer than we projected, in which case it could have upended our program."

In the event, the bond market's reaction to the Clinton fiscal plan was remarkably positive. In the twelve months following Clinton's election, long-term interest rates tumbled from 7.75 per cent to a low of 5.78 per cent—the lowest level since the Treasury started selling thirty-year constant-maturity bonds, in 1977. After spiking up sharply in 1994, as the Fed raised short-term rates, long-term rates fell back down, and they have stayed low ever since. At the moment, they are still under seven per cent, which is remarkable for an economy that is in its fifth year of recovery, with unemployment at 5.4 per cent.

It is one of the richest ironies of recent years that the much maligned bond traders, acting entirely in their own interest, bailed out a Democratic Administration that was fighting to raise their marginal tax rates sharply. In the White House, officials watched the action on Wall Street with surprise and delight. "The markets gave credibility to this program more rapidly than folks had expected—and, frankly, more rapidly than I had expected," Rubin says. Even Blinder, who had presented the bond market argument to the President-elect in Little Rock, was stunned. "I never thought we'd get the bond rate down to 5.8 per cent," he now admits. "I don't think any of us thought it would get that low. If you'd polled economists back then and said we're going to drive the long-term interest rate below six per cent, I don't think one in a thousand would have believed you."

With interest rates so low, the economy grew at a rate that made a mockery of the Republicans' dire predictions. In 1994, the first year the deficit package started to bite, the economy expanded by a healthy 3.5 per cent. In 1995, growth fell back to two per cent, but current indications are that it will be back around 2.5 per cent this year.

The easiest way to trace the impact of the falling interest rates is to look at the path of investment, the type of spending most responsive to the cost of credit. Business investment has grown by eleven per cent a year since 1993, which, as Tyson points out, is the highest rate of growth since the Kennedy Administration. As a percentage of G.D.P., investment rose from 12.7 per cent in 1992 to 14.8 per cent in 1994. Much of this extra capital spending has gone into high technology, and especially into computers and telecommunications equipment—areas in which American companies now lead the world. Whether this upturn in investment will lead to a higher rate of productivity growth throughout the economy is unclear—the results so far are somewhat disappointing—but it is precisely what economists of all political hues have been recommending for more than a decade. "I remember saying very clearly in the first year that what this is all about is shifting resources toward interest sensitive private spending," Tyson says. "That is exactly what has happened."

Bob Dole's difficulties in constructing an effective critique of Clinton's economic policies are obvious. (After building a considerable reputation for fiscal rectitude in the Senate, he is now said to be mulling throwing it away by proposing an across-the-board reduction in income-tax-rates.) As a matter of logic, the Republicans have only two alternatives: to say that things are not as good as they seem or to say that things are as good as they seem but Clinton has nothing do with it. Earlier this year, Dole seemed to be veering toward the first approach. Speaking in New Hampshire on February 13th, he said, "Corporate profits are setting records, but so are corporate layoffs. And middle-class families feel less and less secure about the future. There is a wide and growing gap between what the government's statistics say about our economy and how American families feel about it."

It struck me that these words could have been spoken by Carville, by his colleague Begala, or by Labor Secretary Robert Reich. All of them have put a similar argument to me in recent months, and there is clearly some truth in it. Wage for middle-income households have been stagnant since the mid-nineteen-seventies, and the over-all inequality of income and wealth has risen sharply. These long-term problems have not been solved by the Clinton Administration, and they will continue to plague the country long after November's election. The sad fact is that they are so deeply rooted in the way capitalism is evolving that no Presidential candidate—and certainly not a Republican believer in laissez-faire—is in any position to offer a credible remedy in just four years.

Thus, it was always going to be problematical for Dole to pursue a Reichian line for long. Predictably, once a Pat Buchanan was safely in his rearview mirror he eased up on the populist pedal. There may be sound political as well as personal reasons for his switch of tactics. Although the country does face serious problems, there is evidence that most Americans are more upbeat about the economy than Buchanan believes they are. This spring, Frank Newport and Lydia Saad, two top editors of the Gallup poll, published a little-noticed article in *The Public Perspective* addressing the widespread belief that the electorate is still in a funk about the economy. Their conclusion: "When compared to four years ago, Americans' current take on the economy and their personal finances is noticeably bright and certainly suggests that . . . incumbent Bill Clinton is in a much better position vis-a-vis reelection than was George Bush four years ago."

At least three of Gallup's findings are worth mentioning. In January of this year, just fourteen per cent of those polled—down from forty-two per cent in 1992—identified the economy as the most pressing problem facing the country. In March, when Gallup asked people to describe business conditions in their own community, seventy-one per cent said local conditions were "good" or "very good"—a number as high as any recorded since 1961. In the same poll, fifty per cent said they were financially better off than a year previously—up from twenty-nine per cent in June of 1993. In interpreting this finding, Newport and Saad wrote, "Americans are as likely to claim that they are 'better off financially' than they have been at any point at which the comparable questions have been asked since 1976."

If doom and gloom won't work against Clinton, what will? One person who might have the answer is Martin Feldstein, a Harvard professor of economics who was the chairman of the Council of Economic Advisers under Ronald Reagan. Feldstein, who is acting as an informal adviser to Dole, recommends the second option open to the Republican candidate: admit that the economy is doing well but tell the voters that Bill Clinton has nothing to do with it. Shortened to two words, Feldstein's argument could be expressed like this: Alan Greenspan.

"I think that the good performance of the economy can be attributed primarily to the Federal Reserve," Feldstein told me recently from his home, in Belmont, Massachusetts. "Having set the goal of low inflation back in the early nineteen-eighties, they have really stuck to it. That is the principal reason interest rates have come down, and why we have had this long recovery. If you put Saddam Hussein aside, we've been in recovery since 1982. That's where I put the credit, rather than in the tax bill of 1993."

According to Feldstein, whose ideas are likely to figure prominently in Dole's campaign, the lower interest rates induced by Greenspan's policies can also explain most of the budget-deficit reduction that has taken place in the past three years. "If you take the reduction from $290 billion to $145 billion this year, Bill Clinton can indeed say he cut the deficit in half as promised," Feldstein said. "But you can actually explain most of that by the recent decline in unemployment and the rise in economic activity. Only about forty billion of the deficit reduction has been structural."

To support his case, Feldstein and a colleague recently published a research paper arguing that the 1993 tax increase on high-income earners raised less than half as much revenue as the Treasury Department had predicted. The paper covered only the 1993 fiscal year, and the Treasury responded by arguing that the tax shortfall was only temporary, but Feldstein says he is confident that when the data become available the same result will hold up for later years. "In my experience with tax changes, people who don't want to believe the results always say they are temporary," he said.

Feldstein's arguments are open to question, particularly his explanation for the sharp fall in interest rates. It is true that the Fed has been pursuing a counter-inflation policy since the early years of Paul Volcker's reign as chairman (1979–87), but long-term interest rates did not dip below seven per cent until early 1993, when the Clinton deficit-reduction package appeared likely to become a reality. At that point, Greenspan had not altered short-term interest rates in almost two years.

Alan Blinder, the former Clinton adviser, points out that when the President's deficit-reduction program was being discussed, long-term interest rates fell by two percentage points even as the Fed was holding steady. "Furthermore," he adds, "you could see that the cadence of the fall had to do with the budget package. In the late spring and early summer, when the budget looked shaky, interest rates stopped falling. Then the budget passed in August and interest rates plummeted."

Officials in the White House were well aware of how closely their actions were being monitored in the bond market. On one occasion, Lloyd Bentsen suggested on "Meet the Press" that the deficit-reduction package might include an energy tax, as it eventually did. The very next day, bond prices soared, and interest rates dropped to a six-year low. Bensten was so impressed by the market reaction that he clipped a report from the Wall Street Journal and read it aloud at a meeting of the National Economic Council, in the Roosevelt Room.

Feldstein's dismissal of the budget deficit as not being "structural" is also questionable. When professional economists speak of "structural budget deficits," they are not referring to the deficit number that dominates public discussion. The publicly discussed deficit number goes up during economic downturns, when tax payments fall, and down in boom times, when tax payments rise. Structural deficits, by contrast, are calculated by stripping out these cyclical effects, so that the underlying relationship between taxes and spending can be seen regardless of where the economy is positioned in the economic cycle. According to Feldstein, the structural deficit has dropped by at most $40 billion since 1992, and most of the $145 billion fall in the over-all deficit is due to the economic upturn.

An independent arbiter, the Congressional Budget Office, which regularly estimates the structural deficit, found otherwise. According to the C.B.O.'s latest calculations, published last month, the structural deficit fell from $224 billion in 1992 to $154 billion in 1996. These numbers imply that $70 billion—or slightly less than half—of the total fall in the budget deficit since 1992 was caused by the 1993 deficit-reduction package, and slightly more than half was due to the economic recovery.

While the $70 billion estimate is much larger than Feldstein's $40 billion figure, it may actually understate the real impact of the Clinton package—a point I was reminded of the independent economic forecaster David Wyss. According to his calculations, if the 1993 deficit-reduction bill had not been passed the structural deficit would have grown and would now be about $100 billion higher than it actually is.

Wyss also made another point that is often overlooked in the current debate about the budget deficit. "We complain about it, and we should complain about it, but the fact is we now have the lowest budget deficit relative to G.D.P. of any of the major industrial nations," he said. When I looked up the official figures in the semiannual O.E.C.D. Economic Outlook, published by the Paris-based Organization for Economic Coöperation and Development, I found that Wyss was correct. According to the O.E.C.D. projections, the United States structural deficit in 1996 will be about 1.7 per cent of G.D.P. The estimated deficits for Japan, Germany, and the United Kingdom are 2.7 per cent, 2.4 per cent, and 2.5 per cent, respectively. The biggest developed economy I could find with a lower structural deficit than that of the United States was that of Australia.

There is yet another important statistic that is rarely mentioned in the public debate. For the past two years, the United States Treasury has been collecting more money in revenue than Congress has been spending, not counting interest payments on the national debt. Economists refer to this situation as the government running a "primary surplus." What it means is that if we didn't have to service the vast debts run up during the past fifteen years the budget would now be balanced.

Both Alan Greenspan and his predecessor, Paul Volcker, have gone on the record to praise the 1993 package. "I don't think there is any doubt that the package was part of an honest effort to reverse the trend of the budget deficit," Volcker told me. "I wouldn't call it particularly structural, in the sense that it didn't involve any constructive changes in the tax system, and it certainly didn't resolve the entitlements problem, but it was an honest-to-goodness attempt to come to grips with the budget deficit."

One of the minor mysteries of the current political constellation is why, when deficit reduction is the unquestioned mantra of the moment, President Clinton doesn't get more public credit for reducing the deficit. Unsurprisingly, this infuriates James Carville. "The people who are never called to the bar of justice are all those who said when the President's economic program was passed that it was going to be a disaster!" he shouted on the phone to me. "If people were put on trial for economic stupidity, these people who said the plan would cause hardship would all be felons!"

Of course, as I mentioned earlier, one of those criticizing the budget package was Begala, a former colleague of Carville's. Begala no longer works for the White House, but when I tracked him down, in Texas, he was unapologetic about his stand back in 1993. "If reduced to their core, the arguments were these," he said. "The economic advisers saying, 'Do this, because it will be good for the economy.' The political advisers saying, 'If you do this it will hurt us politically.' I think history has proved us both right." Given the disastrous results for the Democrats of the 1994 midterm elections, even some of President Clinton's economic advisers concede the point. Gene Sperling said, "The Republicans, by being so repetitious with their 'largest tax increase in history' line, were able to reinforce a definition which people already had of Democrats. So it's hard to look back and say the political advice had no merit."

On the other hand, as Sperling and others point out, the 1993 deficit-reduction package produced a variety of long-term benefits that are only now paying off. "We are going into 1996 with a level of achievements that we could never have had if we had not done this," Sperling said. "Also, the fact that we have brought down the budget deficit puts us in a far better position to protect ourselves against the more severe kind of stuff that the Republicans can throw at us."

One of these will be the charge that the President, through his political maneuvering during the past twelve months, scuttled the chances of a bipartisan agreement to balance the budget by the year 2002. Another will be that he had done little to head off the mother of all fiscal crises, which is due to arrive in about fifteen years, when the baby boomers start to turn sixty-five. Both points have merit, and Paul Volcker, for one, believes the President's heart is no longer in deficit reduction. "They're now playing it politically," he said. "You get into this silly business abut whether you balance the budget in ten years or eleven years or seven years. It's all never-never land."

These criticisms, while important, do not detract from the policy decisions taken by the President during his first year in office; without the 1993 deficit-reduction package, balancing the budget would not be even a remote possibility. In fact, as Robert Rubin pointed out, without the 1993 package the whole political and economic landscape would look quite different. "We would have continued to have abnormally high interest rates, and that would have choked off the recovery," he told me.

When I asked Rubin why, with all his Wall Street experience, he thought the markets had reacted so positively, his reply was a modest one. "I don't know the answer, other than that I know that the President was totally committed to doing this, and he managed to convey that commitment to the American people—and, more important in this case, to the markets—in ways that they believed," he said. Volcker made a similar point. "I think the market had some confidence and satisfaction that this guy came in and took on the budget deficit as a major priority," he said. "The feeling goes beyond the particular budget numbers."

Rubin's image of Bill Clinton as a commanding leader who makes tough decisions and sticks with them through good times and bad is not one that gels in the popular imagination, but it was also evoked by Alan Blinder and Gene Sperling. "I was amazed at how committed he was to going for a substantial deficit reduction, even when he saw some of the ugly things that you had to do to the budget to get there," Blinder said. "Basically, he didn't flinch."

Sperling praised the President even more highly. "For us on the economic team, we will always think of him as a good decision-maker," he told me. "When he had hard choices to make, on both the deficit and NAFTA, he listened to everybody for a few days, then he made the call and never looked back."

I reminded Sperling of the passages in Woodward's book where the President berated his own advisers and complained about turning the government over to Wall Street interests. Surely these stories were true, I suggested.

"Yes," Sperling conceded. "Just like any of us, he felt pain at times when things weren't going his way. But Woodward missed the bigger picture, which was that Clinton did what virtually no President had done before. The real issue is that it was a very good, effective deficit-reduction plan."

After talking to Sperling, I reread Woodward's description of a meeting between Clinton and his economic advisers on April 7, 1993. It goes as follows: "'Where are all the Democrats' Clinton bellowed. 'I hope you're all aware we're all Esienhower Republicans here, and we are fighting the Reagan Republicans. We stand for lower deficits and free trade and the bond market. Isn't that great'"

No, not great, but perhaps it's what the country needed after a decade of Reaganomics.

Mr. HOLLINGS. Remember, the entire sing-song and chant, Mr. President, on the other side of the aisle has been "When is the President going to do something?"

So I quote from this particular article.

There is yet another important statistic that is rarely mentioned in the public debate. For the past 2 years the United States Treasury has been collecting more money in revenue than Congress has been spending, not counting interest payments on the national debt. Economists refer to this situation as the Government running a primary surplus. What it means is that if we didn't have to service the vast debt run up during the past 15 years, the budget would now be balanced.

Imagine that. The very crowd that is accusing the President of not wanting a balanced budget and not doing anything about the deficit, is the very crowd that has caused the deficit.

Bill Clinton did not cause it. He was down in Arkansas during that 10-year period actually balancing budgets. He comes here with these inherited interest costs, and what does he do? He reduced deficits by $500 billion, cuts over 200,000 Federal employees, taxes gasoline, cuts Medicare $57 billion.

Here is a man that has done something being accused of not wanting to do anything. Instead of commenting on the facts, we're treated to tax and spend and liberal Democrats. It is all sloganism. It is all symbols. It is all pollster politicking. It is not the facts. They ought to have ashes in their mouths. We who have been here the past 15 years can be accused of causing this fiscal cancer, but you cannot accuse William Jefferson Clinton of causing any deficit.

I read further from Mr. Cassidy's article, Mr. President.

Both Alan Greenspan and his predecessor, Paul Volcker, have gone on the record to praise the 1993 package. "I don't think there's any doubt that the package was part of an honest effort to reverse the train of the budget deficit," Volcker told me. "I wouldn't call it particularly structural in the sense that it did not involve any constructive changes in the tax system, and it certainly didn't solve the entitlements problem, but it was an honest-to-goodness attempt to come to grips with the budget deficit."

That was none other than Paul Volcker. Yet, the constant refrain is that the President is dishonest, that he lied, that he is not following his pledge to the people, that he does not care about deficits. Yet he is the only person that has done anything about them.

Now, quickly, with respect the recent statements of Senator DOMENICI, I had to go back, Mr. President, to his talk on June 6, included in the CONGRESSIONAL RECORD. I refer to page S5879. Here, Mr. President, I finally got him to admit that you cannot truly balance the budget without increasing taxes. He explains that if Social Security surpluses are protected, there are few remaining options:

Frankly, some would get up and say, "No. We're going to do it another way." How? There is only one other way, and that is to dramatically increase taxes. I do not mean a little bit—a huge amount.

Now, Mr. President, I challenged the distinguished chairman of the Budget Committee, last year. I said, "If you can present to me a balanced budget over the 7-year period that excludes Social Security surpluses and does not increase taxes, I would jump off the Capitol dome." Now we have confirmation that it cannot be done. It took us almost a year to get it, but better late than never.

Someone should tell Mr. Broder that the President's budget and the Republican budgets have all been backloaded. This particular balanced budget that Senator DOLE is likewise backloaded. Look at it. Most of the cuts happen after the Presidential election in the year 2000.

I read here, quoting Senator DOMENICI, "Over the next 6 years, from 1997 until 2002, the cumulative unified budget deficit, that is the total receipts less total outlays, a simple proposition, will be $1.1 trillion, according to CBO. Over that same period, Social Security will run a surplus of $525 billion, including $104 billion in the year 2002."

Now, here is the confusion, the misunderstanding, or the categorical falsity. In reality, whether we owe it to the private markets or to future Social Security retirees, it is still an obligation. When the bill comes due, our children and grandchildren will end up having to make good on $1.563 trillion of Social Security IOU's by the year 2006. Our failure to pay back the $522 billion that we already owe Social Security is the height of irresponsibility.

On paper, we should be accumulating a surplus. In reality, we are spending these funds to finance current consumption. By the year 2006 we will owe Social Security $1.563 trillion. I repeat, by the year 2006, under the best case scenario of the Republican plan, $1.563 billion would be owed Social Security.

It should be of little surprise as to why I, or the Senator from North Dakota, or the Senator from California, or others voted against such a resolution.

They are all crying "Jefferson, Jefferson," and "children and grandchildren." But there is a conspiracy of silence when it comes to the $1.563 trillion bill that the Republican plan leaves in the Social Security trust fund. The best way to protect Social Security is to quit decimating it. The distinguished Senator and the chairman of our Budget Committee continued in his speech last week, "I am concerned about the looming and massive Social Security deficits that are on the horizon."

But, Mr. President, looming and massive deficits are not on the horizon; they are here. It is not children and grandchildren, it is us. We wrap ourselves in glowing rhetoric about our children and grandchildren and then do nothing. The truth of the matter is, since posterity can do nothing to us, we see no reason to do anything for posterity. We look to the next election and not the next generation.

Entitlements are continually blamed for our current deficit woes. Yet, Social Security, is in surplus to the tune of $522 billion. Medicare has $130 billion surplus in it this minute. They are not causing our current deficits. Thus, the shell game continues. It is one of the longest running games in town and we all take part in it.

The distinguished chairman of the Budget Committee, who has the next hour and a half, refers to the exclusion of Social Security surpluses in the balanced budget amendment as a smokescreen. I can tell you here and now that we are in trouble when the fire chief in the firehouse cannot only smell the smoke and see the fire, but starts the fire with these misleading statements.

We are in desperate circumstances. We have deficits and debt going through the ceiling. We are spending $1 billion a day just on the interest costs to the national debt, but we continue to fail to face up to this particular problem.

Republicans charge that President Clinton does not care about the deficit, has not done anything about it. But Paul Volcker, the former Chairman, says he is the only one who has made an honest try. Find that statement by Paul Volcker about anybody else's budget. President Clinton made an honest-to-goodness effort in 1993. And the facts show that it is working. I voted for it. But not a single Republican did. They caused the deficits. And if they had not caused this horrendous cost of $1 billion a day, we would not be talking about deficits but would be in surplus under President Clinton's budget.

Mr. President, since nobody is here, let me complete the thought. I use as my text none other than the daddy rabbit of the budget in Reaganomics in back in the 1980's. I quote Mr. David Stockman, the former Director of the Office of Management and Budget, dated March 1993.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From New Perspectives Quarterly, March 1993]

AMERICA IS NOT OVERSPENDING

(BY DAVID A. STOCKMAN)

President Clinton's economic plan deserves heavy-duty criticism—particularly the $190 billion worth of new boondoggles through FY1998 that are euphermistically labelled "stimulus" and "investment" programs. But on one thing he has told the unvarnished truth. There is no way out of the elephantine budget deficits which have plagued the nation since 1981 without tax increases.

In this regard, the full-throated anti-tax war cries emanating from the GOP since February 17 amount to no more than deceptive gibberish. Indeed, if Congressman Newt Gingrich and his playmates had the parental supervision they deserve, they would be sent to the nearest corner wherein to lodge their Pinocchio-sized noses until this adult task of raising taxes is finished.

The fact is, we have no other viable choice. According to the Congressional Budget Office (CBO) forecast, by FY1998 we will have practical full employment and, also, nearly a $400 billion budget deficit if nothing is done. The projected red ink would amount to five percent of GNP, and would mean continuing Treasury absorption of most of our meager net national savings through the end of the century. This is hardly a formula for sustaining a competitive and growing economy.

The root problem goes back to the July 1981 frenzy of excessive and imprudent tax-cutting that shattered the nation's fiscal stability. A noisy faction of Republicans have willfully denied this giant mistake of fiscal governance, and their own culpability in it, ever since. Instead, they have incessantly poisoned the political debate with a mindless stream of anti-tax venom, while pretending that economic growth and spending cuts alone could cure the deficit.

It ought to be obvious by now that we can't grow our way out. If we should happen to realize CBO's economic forecast by 1998, wouldn't a nearly $400 billion deficit in a full employment economy 17 years after the event finally constitute the smoking gun?

To be sure, aversion to higher taxes is usually a necessary, healthy impulse in a political democracy. But when the alternative becomes as self-evidently threadbare and groundless as has the "growth" argument, we are no longer dealing with legitimate skepticism but with what amounts to a demagogic fetish.

Unfortunately, as a matter of hard-core political realism, the ritualized spending cut mantra of the GOP anti-taxers is equally vapid. Again, the historical facts are overwhelming.

Ronald Reagan's original across-the-board income tax cut would have permanently reduced the federal revenue base by three percent of GNP. At a time when defense spending was being rapidly pumped up, and in a context in which the then "conservative" congressional majority had already decided to leave 90 percent of domestic spending untouched, the Reagan tax rate cut alone would have strained the nation's fiscal equation beyond the breaking point. But no one blew the whistle. Instead, both parties succumbed to a shameless tax-bidding war that ended up doubling the tax cut to six percent of GNP—or slashing by nearly one-third the permanent revenue base of the United States government.

While delayed effective dates and phase-ins postponed the full day of reckoning until the late 1980s, there is no gainsaying the fiscal carnage. As of August, 1981, Uncle Sam had been left to finance a 1980s-sized domestic welfare state and defense build-up from a general revenue base that was now smaller relative to GNP than at any time since 1940!

In subsequent years, several "mini" tax increase bills did slowly restore the Federal revenue base to nearly its post-war average share of GNP. The $2.5 trillion in cumulative deficits since 1981, however, is not a product of "over-spending" in any meaningful sense of the term. In fact, we have had a rolling legislative referendum for 12 years on "appropriate" Federal spending in today's society—and by now the overwhelming bi-partisan consensus is crystal clear.

Cash benefits for Social Security recipients, government retirees and veterans will cost about $500 billion in 1998—or six percent of prospective GNP. The fact is they also cost six percent of GNP when Jimmy Carter came to town in 1977, as they did when Ronald Reagan arrived in 1981, Bush in 1989 and Clinton in 1993.

The explanation for this remarkable 25 years of actual and prospective fiscal cost stability is simple. Since the mid-1970s there has been no legislative action to increase benefits, while a deep political consensus has steadily congealed on not cutting them, either. Ronald Reagan pledged not to touch Social Security in his 1984 debate with Mondale; on this issue Bush never did move his lips; and Rep. Gingrich can readily wax as eloquently on the "sanctity" of the nation's social contract with the old folks as the late Senator Claude Pepper ever did.

The political and policy fundamentals of the $375 billion prospective 1998 cost of Medicare and Medicaid are exactly the same. If every amendment relating to these medical entitlements which increased or decreased eligibility and benefit coverage since Jimmy Carter's inauguration were laid end-to-end, the net impact by 1998 would hardly amount to one to two percent of currently projected costs.

Thus, in the case of the big medical entitlements, there has been no legislatively driven "overspending" surge in the last two decades. And since 1981, no elected Republican has even dared think out loud about the kind of big changes in beneficiary premium costs and co-payments that could actually save meaningful budget dollars.

To be sure, budget costs of the medical entitlements have skyrocketed—but that is because our underlying health delivery system is ridden with inflationary growth. Perhaps Hillary will fix this huge, systemic economic problem. But until that silver bullet is discovered, there is no way to save meaningful budget dollars in these programs except to impose higher participation costs on middle and upper income beneficiaries—a move for which the GOP has absolutely no stomach.

Likewise, the "safety net" for the poor and price and credit supports for rural America cost the same in real terms—about $100 billion—as they did in January, 1981. That is because Republicans and Democrats have gone to the well year after year only to add nickels, subtract pennies, and, in effect, validate over and over the same "appropriate" level of spending.

On the vast expanse of the domestic budget, then, "overspending" is an absolute myth. Our post-1981 mega-deficits are not attributable to it; and the GOP has neither a coherent program nor the political courage to attack anything but the most microscopic spending marginalia.

It is unfortunate that having summoned the courage to face the tax issue squarely, President Clinton has clouded the debate with an excess of bashing the wealthy and an utterly unnecessary grab-bag of new tax and spending giveaways. But that can be corrected in the legislative process—and it in no way lets the Republicans off the hook. They led the Congress into a giant fiscal mistake 12 years ago, and they now have the responsibility to work with a President who is at least brave enough to attempt to correct it.

Mr. HOLLINGS. Mr. President, I quote:

The root problem goes back to the July 1981 frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal responsibility. A noisy faction of Republicans have willfully denied this giant mistake of fiscal governance and their own culpability in it ever since. Instead, they have incessantly poisoned the political debate with a mindless stream of anti-tax venom, while pretending that economic growth and spending cuts alone could cure the deficit. It ought to be obvious by now that we cannot grow our way out.

Mr. President, there it is. Someday, somehow, David Broder and these other columnists will pick up the truth and quit ipso facto reporting balanced budgets. We have do not have a balanced budget plan; all plans use the trust funds. We owe the Social Security trust fund; we owe the Medicare trust fund; we owe the highway, airport, and Civil Service trust funds. We have been borrowed well over a trillion dollars from these trust funds.

In addition, other sleights of hand include factoring in speculative interest dividends for budgetary savings. Mr. President, we started that back in 1990. You know what the projection was? In the 1990 budget, we said we would not only have a balanced budget by 1995, but a $20 billion surplus. Can you imagine that? Instead, there is a $277 billion deficit. That is how far off these are. Yet, Mr. Broder comes up alleges that, "This is too clever by half." Tell him to wake up. He should know better than that.

Mr. President, I am watching history repeat itself. I joined in the opposition to Reaganomics and what Stockman says was the worst mistake we ever made. I joined in the tax increases to try and reverse it. I joined in Gramm-Rudman-Hollings. When they write now, as Senator RUDMAN has, that Senator Hollings wanted a divorce, they should be clear about the facts. Instead of using the automatic cuts as a spear to urge and require fiscal discipline, they started to use it as a shield for fiscal irresponsibility, and I wanted no part in that. I voted for the tax increases here in 1993. At the time, my colleagues on the other side of the aisle said, "Well, you cannot trust that Washington crowd. If they increase the taxes, that means all they will do is increase the spending." False.

In 1993, we increased taxes and cut spending to the tune of $500 billion. In direct result, we have an economy with low unemployment, low interest rates, steady growth, and low inflation. And they say that the President is "too clever by half," and is "postponing choices."

Once again, Mr. President, when they say the President did not make any honest try, perhaps we should remember Mr. Volcker's words on the 1993 package:

I don't think there is any doubt that the package was part of an honest effort to reverse the trend of the budget deficit.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Parliamentary inquiry; what is the order of business before the Senate?

The PRESIDING OFFICER (Mr. GRASSLEY). We are in morning business. The Senator from New Mexico has control of the time from 1 o'clock until 3:30.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes.

THE BUDGET RESOLUTION

Mr. DOMENICI. Mr. President, I am disappointed that we could not work out an agreement with the minority that would allow us to complete action on the conference agreement on the budget today. I had hoped we could do that so our distinguished majority leader would have an opportunity before he left the Senate to cast his vote in favor of this budget resolution and a balanced budget by the year 2002. The conference agreement on the 1997 budget resolution was completed last Thursday evening and filed Friday morning. Copies of the conference report have been available since early this morning. The House of Representatives Rules Committee will act this evening to report a rule that will allow the House to act on the conference report tomorrow morning and complete action by noon.

Normally, we would simply call up the conference report, discuss the conference report, since it would not be subject to amendment, yield back the statutory 10 hours of time and vote on final passage. Without consent to the contrary, however, here in the Senate, if we were to act on a conference report before the House has acted, the conference report would be subjected to unlimited recommittal motions, and the minority is aware of this opportunity to subject the Senate, and I say Leader DOLE, to an unlimited number of such motions. Therefore, they have not been willing to grant us consent that would allow us to do what we are going to do tomorrow. Once the House sends us this, we will take it up, and obviously there will be no recommittal motions in order, as I understand it, at that point.

We were trying to get the minority to let us start that process today and perhaps complete this before the leader leaves sometime tomorrow, around 12 or 1 o'clock. It means he will not have a chance to vote on it. It does not mean that there will be anything happen to the budget resolution. I assume we will have his successor Senator voting with us, as we have had him.

I will have more opportunity tomorrow to discuss the significance of this budget resolution and what it does. I might just start with one concept for everybody to understand. On the discretionary appropriations, which has been the subject of an awful lot of debate last year which caused many appropriations bills to be vetoed by the President and caused the closure of Government from time to time during that long process of trying to get appropriations completed, we have resolved our differences between the House and Senate.

We have produced a budget resolution that, essentially, has all of the domestic discretionary programs combined at a freeze—same level as last year, according to the Congressional

Budget Office. That is the number that we agreed upon. That means if we take all the riders off those appropriations bills, and I understand that there is some movement in that direction, we can clearly be sending to the President appropriations bills that he ought to sign. Clearly, the American people will understand it very easily. The Republicans do not want to reduce spending. They want to freeze it. They are not out there to close down Government. They just want to say, in a very difficult year, we should freeze the expenditures of the appropriated accounts at last year's level. That is what we will be doing. That is what the appropriations bills are going to reflect in the next 5, 6, 7 weeks.

Hopefully, if we get those done, we can finish our work early or even ahead of time with reference to the appropriations bills which caused so much commotion last year and so much ill-will and ill-feeling between many people in the country and this various series of vetoes and closures. That will be the essence of the Republican approach. Obviously, big savings come in the entitlement reform programs. We will move those through in due course. Once again, we believe we are on the right path. We will discuss what we think the President's approach to Medicare has been. Clearly, he is playing a major shell game with this big program that the senior citizens need so desperately to have attended by way of reform.

We will get into those details tomorrow. I have not sought approval from any of the leadership here to make this statement, but, frankly, I am very hopeful when we finally get on this budget resolution tomorrow, that even though there are 10 hours of debate equally divided, we will finish tomorrow. No motions are in order, no amendments are in order. I see no reason why we cannot finish it tomorrow, even if we take it up sometime in the middle of the afternoon tomorrow. That ought to be plenty of time to debate it and finish tomorrow to get on with other Senate work.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

THE BUDGET RESOLUTION

Mr. GRASSLEY. Mr. President, Senator DOMENICI opened debate on the 1997 budget conference committee report, the agreement that has been ironed out on the differences between the House and the Senate, for presentation to the Senate for final passage, so that the 1997 budget will be behind us and we can start making changes in the programs that will fit these programs into the budget that balances by the year 2002, 6 years from now.

CBO has scored it that way. CBO is a nonpartisan agency that rules on whether or not budgets are balanced and what programs cost and how much income is coming in. They said that this will balance by that time.

The year 2002 is the year that we selected last year to balance the budget by. Our bill was presented to the President last year, and he vetoed it. We are not going to take an extra year to balance the budget when we do it this year. We are going to do it in 6 years now because that is all we have left between now and the year 2002. I hope that my colleagues will vote for that.

In a sense, as the famous baseball player said, "It's deja vu all over again." It is kind of that way with the Balanced Budget Act that we are dealing with today, tomorrow and the next day until it is passed. Because last year we worked for 8 months in 13 committees to pass this 1,800-page Balanced Budget Act of 1995. This was a bill that 13 committees worked on to produce changes in the programs so that the budget would balance in 7 years. We presented this to the President prior to Thanksgiving last year. The President vetoed it, I believe, on December 5.

I remind people of that document existing, that we had the votes to pass it, because often I get the question, which is a question coming from a cynical attitude that people have because we promise more than we can deliver, where people ask, "Do you think you can ever balance the budget?" Well, I like to carry this around with me and remind people, yes, we can balance the budget. Here is the act that for the first time in a generation Congress not only had the document, but the votes to pass it and to present it to the President.

Of course, that is history now. Ultimately, people are going to decide who won or lost with the veto that the President had of that bill last year. It also reminds you that one person can make a difference of having a balanced budget or not. We had a majority in the Senate, we had a majority in the House to pass the Balanced Budget Act of 1995. But one person, the President of the United States, stands between the people and a balanced budget. So historians will have a chance to look at who the big economic losers are in that veto of the Balanced Budget Act.

But the 1997 budget resolution gives us another chance without necessarily losing time because we still meet the deadline by the year 2002. But while we talk about balancing the budget, and we delivered a bill to the President last year to balance the budget and he vetoed it, the time clock is running, the national debt is growing, and interest is accruing on that national debt.

Of course, since we did not balance it last year, and if the President vetoes it this year, we are not going to suffer; it is our children and grandchildren that will suffer because we live high on the hog today, spending beyond our means, satisfying our own materialistic demands, and engaging in the immoral act of worrying about today and forgetting about tomorrow because our children and grandchildren are picking up the bill.

Every one of us in this body, whether we vote for it or against it, bears some of the blame for the situation that this country is in after a generation of deficit spending. Those of us who voted for it last year showed we were a year ahead of everybody else in balancing the budget.

Still, that does not overcome the sin of the deficit spending of a generation and the tremendous load of $18,000 per newborn baby that they carry of that additional debt. Or the 80 percent tax rate that the President's own budget document says our children will have to assume for the interest and the principal of that great debt.

None of this is done in a very perfect fashion. The legislation that we pass is not perfect. How we go about it may not be the perfect way of balancing the budget, but it must be done. It will be done. Everybody is going to pay a little bit towards this effort to get to a balanced budget. Maybe as a practical political exercise, that is the only way it can be done. Some people would say, "Cut out completely this program," and others will say, "We have to save this program," or "increase that program." It can be done that way. Basically, the way we have done it is to make sure every program pays a little bit in the effort to get to a balanced budget.

Ultimately, as a political system, it seems we have figured out we can indeed vote ourselves more money. That is why we have the problems we have. All the people have to do is vote for the guy who promised to protect expensive programs and who promised to let entitlements run wild. That is what has been going on. That is why we have a $5 trillion national debt.

Last year, as a result of a mandate from the election of 1994, the new Members of Congress felt it is time to call a halt to deliver on the promises that have been made to balance the budget, and to do it in 7 years. I am enthused about the 1997 budget resolution before the Senate. I think it is a belt tightener, a conservative one. Every item in it might not be exactly as it would be if I had written it, but broad representation is the nature of our Government. Compromise is the only way to accomplish some of our goals—everybody to give a little bit in the process. This gets us, as the nonpartisan Congressional Budget Office has said, to balance in 6 years. The nonpartisan Congressional Budget Office shows that we should even have a $5 billion surplus by the year 2002. To me, that is a pretty good report card. I note, for significance, that the 1997 budget resolution is the only plan that gets us to zero deficit in 6 years.

Now, somebody would say, "Well, the President says he has offered a budget," but it does not balance as he says it would. The President's aide, Dr. Tyson, has been on the morning talk shows saying that the President's budget balances. What she has not made clear is that the President relies on certain contingency proposals or emergency triggers in the year 2001 that either increase taxes or cut unspecified discretionary spending in order to reach balance by that year. It could be both a tax increase and unspecified discretionary spending cuts.

If the President is on a path of spending throughout the 6-year-period of time that he sets us on in the year 1997, there is no way you get to a balanced budget by the year 2002. You have an $81 billion deficit. Of course, in the meantime, even if this President is reelected, he is back in Arkansas at the time there are future tax increases and/or unspecified spending cuts have to be put in place, so it is not really his worry.

Now, for the President's advisers to say on television that this budget balances, when that is the situation, is a failure to mention the balloon payments that the President has built into his budget plan. These balloon payments are similar to those magic asterisks that David Stockman put in President Reagan's budget when President Reagan promised he would balance the budget in 1984, at the end of his first term. When the President's budget did not balance—and some of the new Senators voted against it at that particular time—the President obviously was a little bit embarrassed, because he made a promise to balance the budget, and his first budget submitted in his administration did not do it by the time he said it would be doing it. So we were all sold on the proposition it could be done in the years 1983 and 1984, so David Stockman put that magic asterisk into the President's first budget.

Did that ever materialize? Of course it did not. Do you think the President's balloon payments of 2001 and 2002 will materialize, whether the balloon payments result in tax increases or in spending cuts, or both? I think it is less than candid for either the President or his Economic Advisers to go on television saying somehow that is going to happen in the year 2001 and 2002, when the President is back in Arkansas, and is going to result in a balanced budget.

Now, when it comes to the budget that we present to this body for approval this week, the 1997 budget resolution conference report, it has no hidden gimmicks or balloon payments in it. Instead, there are only clear, specifically illuminated promises. In other words, we get to true balance in 6 years, because we set this budget on a course to balance much sooner than the President of the United States does. In addition, we get a 6-year $122 billion tax cut primarily made up of a $500 per child tax credit. Some people will criticize that. Some will say it is for the rich when they know in their heart that is not true. They forget that a $1,000 tax cut for a family of four can make a big, big difference, that everybody in this country is not rich, and that the middle-class families of America are going to benefit from that tax cut.

Why a tax cut for families with children? It is because the tax on children is presently unfair. It used to be that the dependency exemptions for children almost nullified the tax liability for families. Those families, obviously, use the tax savings to raise their children. For the personal exemption today that is in the Tax Code, to have the same value relative to family income that it had in 1948, it would have to be $8,000 per child exemption in 1996, instead of the $2,600 per child it is now. Truthfully, to be fair, we need a credit in excess, then, of that $500 per child, to put families back with the same purchasing power that they deserve.

Even with the new tax credit, families will have to continue to tighten their belts. But remember this credit is a credit and not an exemption or deduction. Thus, each child in any family is going to be worth $500 more, regardless of the income of the family. And the phaseout ranges of the credit begin at a lower level of income than do the phaseout ranges of the current dependency credit.

So if any Senators claim that they want to defend families in this budget, the best place to start is by taking money away from Washington and returning it to the families. Families can spend that money more wisely than Washington can spend that money.

Besides that $500 tax credit per child to help empower families, this budget resolution of 1997 reforms entitlements. It would be wonderful if we can continue to allow entitlements to grow unchecked, but that is not possible. Without legislative maintenance, entitlements are going to swallow themselves. We know now that if we do not do something about entitlements, by 2012, the entire budget will be made up of entitlements and interest on the national debt, with nothing even for national defense.

Also, our budget resolution will save $53 billion in welfare programs as we reform welfare and turn it back to the States. Medicare spending is going to go up at a rate that will allow us to consume $72 billion less than under present payout. Of course, we just heard last week that Medicare is racing toward bankruptcy in 5 years. We will not allow that to happen. We allow Medicare spending to go up from $4,700 per person per year to $6,800 per person per year, and its solvency is extended 10 years in this budget resolution. We do this without increasing the regressive payroll tax, and we do it with keeping the part B premium at its present level of 25 percent of total program cost. We freeze discretionary budget authority in this legislation in 1997 at the 1996 level. One place where I disagree with Republicans is that defense spending in our bill is too high. I made an effort on the floor of the Senate to cut that back by $11 billion, but that lost. This budget compromise between the House and Senate reflects that higher level of Defense expenditures. I think that if families are tightening their belts, and other programs in Washington are tightening their belts, and if entitlements have to have their belts tightened, defense contractors ought to have their belts tightened as well.

Finally, the budget process is somewhat changed from last time. This budget resolution offers three separate and independent reconciliation bills. Each bill can live without any of the previous bills. The structure of the two succeeding bills depends upon the success of the preceding one. This is a sound and flexible plan that will allow us to present to the President something that he will not have any excuse for vetoing, as far as I am concerned, considering the fact that he vetoed last year's budget that we gave to him.

The days of our living beyond our means, hopefully, come to an end with the adoption of the budget resolution for 1997. Hopefully, it puts us on a path, for the first time in a generation, to get to a balanced budget. Hopefully, it means that each generation is going to assume its fair share of pain for our programs and for ending the principle of passing on to future generations the cost of our programs for today.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER (Mr. LUGAR). Without objection, it is so ordered.

Mr. GORTON. Mr. President, I ask unanimous consent that I may be able to use such of the time reserved for the Senator from New Mexico as I may use.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BUDGET RESOLUTION

Mr. GORTON. Mr. President, sometime late tomorrow or early on Wednesday the Senate will begin formal consideration of the budget resolution adopted late last week by a conference committee. That budget resolution, in common with its predecessor a year ago, will clearly put the United States on the road to a balanced budget, a goal shared by more than 80 percent of all of our fellow citizens.

To a certain extent, Mr. President, a balanced budget is a goal in the abstract. It is a phrase that sounds good, sounds responsible, but nonetheless is divorced from our day-to-day concerns. It is, however, vitally important to our future, but most particularly to the future of our children and our grandchildren, to those who come after us.

Almost 200 years ago Thomas Jefferson spoke of it as a moral imperative, that it was simply a moral wrong for the politicians of his day or of ours to spend money on programs, however worthy, that they supported, but to refuse to pay the bill, to send that bill to someone else.

Thomas Jefferson's words are as important and as valid today as they were at the beginning of the 19th century. It is our obligation to seek this goal, and not just to seek it, but to put the Nation on a path pursuant to which it will be attained.

It does, of course, go beyond a pure moral imperative. It is a financial imperative as well.

We know by the almost unanimous opinion of economists who dig deeply into this issue that the mere promise of a balanced budget, accompanied by a set of policies that will lead us shortly after the turn of the century to reach one, will have a positive impact. Such a promise will lower the interest rates that men and women pay on the homes they purchase or wish to purchase, on their automobiles and other large consumer purchases, on their businesses, small and large, designed for their own future, and for the creation of opportunity in our society and our economy.

The actual accomplishment shortly after the turn of the century of a balanced budget will mean somewhere between $1,000 and $2,000 per average American family additional in their pockets, partly because of the lower interest rates that I have already described and partly because, all other things being equal, the economy will be that much stronger. There will be that many more and better jobs for Americans in just a very few years from now. This is a case in which the moral imperative and the financial desirability as a course of action lead us in precisely the same direction.

Mr. President, under those circumstances, why is this not only a unanimous goal, but why are not the policies that lead to that equally unanimous? I do not remember during the course of the last year any Member of this body standing before the body and saying, "It is a poor idea. It is not something that we should bother with at all." No, Mr. President, everyone gives at least lip service to the idea, but that lip service goes little further when it comes to the practical methods of attaining the goal. With those who voted no as recently as last week on a constitutional amendment that would mandate attaining a goal, to those who will vote no tomorrow or the next day, the answer will constantly be, "We have to do it differently. I do not like this balanced budget." It is some other balanced budget, my own or someone else's, that is the only way to go. In other words, the details, the tendency for perfection in the mind of each individual Member, interferes with attaining a goal so important both morally and economically.

Mr. President, perhaps all of us could have been accused of that course of action as recently as a handful of years ago. Almost never, in my memory, did anyone seriously propose a budget that led to that balance until the dramatic vote of something more than a year ago in which the balanced budget constitutional amendment, having been approved by the House of Representatives, was defeated here by a single vote. Following that dramatic loss, many Members took much more seriously the lip service they previously had given to a balanced budget. In fact, a majority of this body came up with a budget resolution and then enforcing statutes that would reach that goal by the year 2002.

Regrettably—I think profoundly regrettably—the President of the United States vetoed that proposal with the statement that we ought to do it in a different way. Now, that statement came in spite of the fact that the President of the United States had never previously proposed any way of reaching that goal. Since that veto, Mr. President, not surprisingly, given the predictions of what success would bring, failure has brought an increase in interest rates. Almost half of last year's gain has now been lost. The prospects of the good economics that result from a balanced budget are limited.

The President criticized the budget by reason of what it did to strengthen and preserve Medicare. Yet, just last week, his own Medicare trustees have said the very challenges in the Medicare system that last year's balanced budget was designed to cure have become not better, but worse. Even so, Mr. President, we now have a proposal from the administration called a "balanced budget" that has been severely, and I think appropriately, criticized by Members on this side of the aisle on the ground that it was not real.

Just yesterday in the Washington Post we saw an analysis of some elements of that proposal by a normally relatively liberal columnist who pointed out what we already knew, the President's budget for this year increases spending on a number of politically popular programs and proposes dramatic cuts in those programs next year and the year after. However, Mr. President, when his Cabinet Members in charge of administering those programs were asked how they would deal with those reductions in future years, they assured Members of Congress that, in fact, the President had privately assured that they would never, in fact, take place; that they were, in effect, phony figures designed to create a paper balance that never, in fact, would take place.

Now, Mr. President, we are faced with a dramatic choice: Do we vote in favor of the one proposed budget resolution now available to us that includes difficult but necessary policy decisions to reach this goal desired by so many Americans for so many good reasons, or do we continue to say, "Not this one, not now, wait until next year, do it differently"?

Mr. President, I was one of the dozen Republican Members who joined with a dozen Democratic Members to come up with a different proposal, a bipartisan proposal, to reach the same goal in approximately the same period of time, a proposal that I thought at least in some respects to be superior to the one that is about to come to the floor of this U.S. Senate. Mr. President, that proposal received 46 affirmative votes out of 100 Members of the Senate. That is not quite enough. The reason that it did not quite go over the top was that the President of the United States rejected that proposal to exactly the same extent that he rejected the Republican proposal. He would not endorse it. He would not even say he would sign it if its enforcing legislation was to be passed.

So the first bipartisan attempt in a decade at solving this contracted budget problem has been rejected. Now we are faced with another proposal, almost as good, certainly plenty good enough to reach the goal, which is very, very likely to be passed by a strictly partisan vote, and then to have its enforcing legislation vetoed by the President of the United States. I regret that, Mr. President.

I hope during the course of the debate in the next 2 or 3 days some Members of the other party who worked so hard and so sincerely and so diligently on the bipartisan proposal will see the many similarities between their product, our product, and the one that is now before us, and will generously and with a good heart determine that if they cannot have perfection, they can certainly get—even from their own perspective, with our budget—a vastly superior program to that proposed by the President's administration. I hope that some of them at least will have courage enough to join with us to move the whole project forward, to help us see to it that we do something that we are enjoying to do, like no less a historic personage than Thomas Jefferson, as a matter of moral imperative, and something that will have such a tremendously positive impact on our children and grandchildren in general and generations yet to come, who do not have the right to vote in this fall's election, but who are our responsibility nevertheless.

Mr. President, this is a fine resolution. It is a courageous resolution. It is a moral resolution. It is an effective resolution. It should be passed, and it should be enforced.

I yield the floor.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I ask unanimous consent that time allocated to Senator DOMENICI in this period of time be allocated to me and that I may use as much time as I may require.

The PRESIDING OFFICER (Mr. GRAMS). Without objection, it is so ordered.

GETTING BACK TO BASICS: NATO'S DOUBLE ENLARGEMENT

Mr. LUGAR. Mr. President, the visit to Washington of Lech Walesa, the former President of Poland, and the introduction of the NATO Participation Act on the floor of the Senate, suggests that it is time for the Senate to begin to seriously consider the future of the Atlantic Alliance.

It is a particularly important time to take stock of where we stand in the Alliance. Over the past 2 years, the Alliance has discussed and studied many issues ranging from enlargement to command reform to the broader structural reform of the Alliance in order to enable it to carry out new missions.

The time for discussing and studying is now coming to an end. Over the next 12 months, NATO must make decisions in three key areas which will cast the die for European security and the transatlantic relationship for the next decade.

Starting with last week's Ministerial meeting in Berlin, Alliance leaders must decide:

First, will NATO enlarge its membership, and what policies, recognition, and certainty should it give to countries which will not be included in the first selection?

Second, how will NATO reform itself internally to be able to carry out new missions? This includes article 5 defense commitments as well as other non-article 5 missions such as crisis management beyond Alliance borders.

Third, what should be the NATO relationship with Russia during the enlargement process? Should NATO build a parallel cooperative partnership with Moscow?

The ramifications of how well or poorly NATO does its job on these issues are far reaching. We are talking about the laying of the cornerstones of a new European peace order and building a new NATO which deserves that name not only in theory but in reality. If we succeed, we will have set the foundation for decades of European peace and prosperity. If we fail, historians may look back at the early post-cold-war period as a tragic loss of opportunities.

It is in this context that we must weigh the utility of legislative efforts such as the NATO Participation Act.

Above all, we must realize that we are headed into a historical debate over NATO's future, one that will reverberate for many years to come. It is a debate that will be public and which will undoubtedly be controversial—as befits an alliance of democracies wrestling with such important issues. Much of the discussion about the pros and cons of enlargement and other issues have been limited to elites and experts—along with the occasional Senator or Minister. That, too, is going to change.

I look forward to this public debate. I believe that we have an historical window of opportunity to take steps that will secure European peace and stability and which will lock in the freedom and independence won in the revolutions of 1989 and the collapse of communism. I believe that we will win this debate, both in the U.S. Senate and elsewhere in the Alliance, provided that we follow some simple, commonsense guidelines.

Before charting those guidelines, I want to review the basic questions we will undoubtedly face in the U.S. Senate, as well as in the parliaments of both NATO allies as well as candidate countries.

THE VISION THING

In the United States, our political leaders are often asked about what we call the vision thing. What is it you want to achieve and why? What is your vision and how will individual policies fit together with an overall set of objectives? As a U.S. Senator, I am often asked, by some of my colleagues and constituents, why I am still so concerned about NATO and issues such as NATO enlargement now that the cold war is over.

The more distant we get from the heady days of the fall of the Berlin Wall and the collapse of communism, it is more clear that we entered a new era. Dangers still abound in post-cold-war Europe. The revolutions of 1989 not only led to the collapse of communism but also to the end of the peace orders established after two world wars. What is at stake here is order and stability in Europe as a whole. And that is why American interests are involved.

NATO cannot by itself solve all of Europe's problems. But without a stable security framework, we run the risk that the reform and democracy in the East of Europe will not persist but will instead be undercut by destructive forces of nationalism and insecurity. The failure of democracy in the East could not help but have profound consequences for democracy in the continent's western half as well. If history teaches us anything, it is that the United States is always drawn into such European conflicts because our vital interests are ultimately, albeit somewhat belatedly, engaged.

That, in a nutshell, is one reason why I have always been in favor of NATO enlargement. But this is only one reason and one part of my vision, which consists of what I want to prevent, and also what I want to build. I want to build a new transatlantic bargain of a unified and integrated Europe—whole and free—in permanent alliance with the United States. It is a vision of the United States and Europe in a partnership of equals devoted to managing the security of Europe as well as to the pursuit of common interests beyond Europe. The old transatlantic bargain which offered the Europeans a form of American protection in return for American influence must be replaced by a new transatlantic accord.

This is a vision for the Alliance that is no longer necessarily focused on or limited to Europe. This is also a vision for the Alliance that transcends the old cold-war rationale, namely—to deter and, if needed, defend Western Europe against a Soviet attack. It is a vision for a new covenant between the United States and Europe as a force for promoting Western values and interests in Europe and beyond. We need a new and much broader transatlantic agenda and dialog, one that focuses on where and how the United States and Europe can and should act together.

I was one of the earliest proponents in the Congress of NATO enlargement. But I always spoke of enlargement not in isolation but rather as part of a new security partnership between the United States and a unified Europe. The United States is a global power, a country with interests in Europe and beyond. It is also a country that increasingly requires like-minded allies and partners to manage that international security agenda. And as Americans look around, they see no better candidates than our European allies in NATO as that partner.

If this is the vision, then how do we get there? I like the phrase "double enlargement" to capture the twin processes of reform that I believe must take place. NATO must enlarge eastward to integrate the new democracies and it must expand its functional missions beyond border defense to include crisis management and perhaps peacekeeping beyond Alliance borders. In both cases, the Alliance must decide how far it wants to go, both in terms of new members and in terms of new missions. There is no escaping the fact that NATO must simultaneously reform in both areas if it is to successfully meet the challenges we are likely to face in the years ahead. It is a basic American interest that the Alliance not only enlarge to help stabilize Eastern Europe, but that enlargement be part and parcel of a broader transformation that turns Europe into an increasingly effective strategic partner of the United States in and beyond the continent.

CONDITIONS FOR SENATE RATIFICATION

One of the key questions for the NATO Alliance is whether NATO enlargement can be ratified in the U.S. Senate. Nearly every visitor I have in my office from Europe asks me this question. And it is a question about which I have thought a great deal in recent years. The easy answer is that, of course, enlargement is ratifiable—provided a number of preconditions are met. I am going to list my six commandments on what must be done to ensure successful ratification in the U.S. Senate.

But first I want to lay out several broader factors which I believe will help shape the debate in the U.S. Senate. First, the debate about NATO enlargement in the U.S. Senate will not only be about enlargement. It will be about the U.S. role in post-cold-war Europe. It will be about NATO—why we still need it, who should be in it, what it should do, and how it should be reformed.

This will be the first time that this set of issues will be debated at the national level since the end of the cold war. Although many voices in the United States, myself included, have been calling for such a national debate for some time, it simply has not happened. But the NATO enlargement issue is likely to be the catalyst for precisely such a debate. This makes some of my colleagues in Congress nervous. They fear that the isolationists of the left and the right will band together in some kind of unholy alliance to defeat the internationalist center in U.S. politics. In short, they fear that the NATO enlargement debate will kill NATO.

But I think they are wrong. Such a debate can have a very healthy and positive impact in terms of reaffirming the U.S. role in, and consolidating the American commitment to, the new post-cold-war Europe. And, equally important, it is an opportunity to initiate the broader transformation and revitalization of the alliance which is now clearly overdue.

Second, this debate will also be about Eastern and Central Europe and our moral, political, economic, and strategic stake in this part of the world. Several years ago there was a cartoon in an American magazine which showed a young boy pointing to a map and saying to his father: "Eastern Europe, isn't that where the wars start?" Eastern Europe is where two world wars, as well as the cold war, originated in this century. It is a part of Europe that has seen great injustices and enormous cruelty. It is a part of Europe that has had a disproportionate impact on the course of European and world history.

For some Americans, these are reasons to keep the United States out of future instability and possible conflicts—as if a policy of isolation would insulate and protect us from such instability. The lesson I draw is exactly the opposite. The best way to ensure that the United States must never fight a war again over Eastern Europe is to anchor and integrate Eastern Europe into the West once and for all. We must do for Eastern Europe what we did together for Western Europe in the early post-war period—make it secure and integrate it into a broader trans-Atlantic community.

How important is Eastern Europe to the United States? A growing number of Europeans are trying to analyze the size of the Polish ethnic vote, or the political clout of the Baltic-American community and what role they will play in the United States Senate debate. Will the NATO enlargement issue, it is sometimes asked, be the swing issue in key battleground States in the U.S. Presidential race? While interesting, I think all these questions miss the real point. Eastern Europe is important to the United States because it is here that the future destiny of the European Continent will be decided. Eastern Europe, in many ways, holds the key to the future stability of the continent. That is why it is a vital U.S. interest.

The third reason I believe that Senate ratification will happen is that the arguments of the opponents of enlargement can be met and subdued. But let's take a closer look at them, for they will be part of the debate. Critics insist, first and foremost, that the U.S. Senate will not be willing to extend a security guarantee to Eastern Europe. They cite the divisive debates we have seen on Somalia, Haiti, and Bosnia as proof that Americans are tired of foreign commitments.

What these critics overlook is the basic difference between Bosnia and Poland as well as the lesson we should learn from the Bosnia experience. Poland's future stability is seen as central to that of Europe as a whole. Rightly or wrongly, Bosnia's was not. I wish it had been otherwise. But one simply cannot compare the issue of extending a security guarantee to a pro-Western democracy like Poland with the confusing debate we had about what to do as Yugoslavia broke up. This was a conflict whose causes were poorly understood, where the stakes for the United States were not always comprehended, where the United Nations was involved with a confusing mandate and a morally ambiguous set of policies and where the military, political, and humanitarian options of the West were extremely difficult. The lesson from Bosnia is not that we should reject NATO enlargement. It is that the West needs to take steps to prevent the rise of such destructive nationalism and ethnic hatred and we must enlarge NATO to stabilize Eastern Europe before other disasters are imminent.

Moreover, in many ways the West already has an implicit security guarantee to a country like Poland. Can we really imagine the West today not coming to Poland's defense if it were ever to be threatened again? I, for one, cannot. And because I cannot, I think that we must codify that commitment through NATO in order to make sure that it is credible and that deterrence works. If ever confronted with the question of whether the West will stand by Poland or once again betray it to those who seek to do it harm, I believe that the United States, including my colleagues in the Senate, will do the right thing.

The second major reason critics cite against enlargement is cost. Of course NATO enlargement will cost money and resources. But the costs of enlargement may not pose as large an obstacle as some assume. Let us not forget that there are also costs in not enlarging. And alliances save money. By pooling our resources together, we are able to collectively defend our common interests less expensively.

How much NATO enlargement will cost will depend in large part upon how the alliance decides to defend and reassure new members. Because there is no immediate threat to these countries, the alliance can afford to adopt a light defense posture backed up by the ability to reinforce in the region during a crisis. Moreover, the costs of building such a posture can be spread over an extended period. A recent study conducted by the Rand Corp. clearly shows that the costs of enlargement can be kept manageable and spread across the alliance.

The package proposed in the Rand study, for example, could cost an estimated $30 to $40 billion for the alliance as a whole—both new and old members spread over a 10- to 15-year period. While these numbers may seem large, bear in mind, for example, that the cost of building and operating one U.S. Army division for a 10-year period is estimated at $60 billion. In any event, the alliance will be spending a considerable amount of money for defense over the next 10 to 15 years, and the costs of enlargement are unlikely to amount to more than 1 to 2 percent of planned defense spending. The point here is that enlargement is affordable if handled properly, done in a step-by-step fashion and if the costs are spread fairly among both old and new members.

The third reason critics cite against enlargement is the claim that enlargement will only draw new lines in Europe and alienate Moscow. But let us not pretend that lines don't already exist in Europe. What I have never understood about this argument is why these critics are so attached to and nostalgic about the old artificial cold war lines, lines drawn by the acts of Hitler and Stalin over 50 years ago. Expanding and consolidating democracy in the East is not drawing new lines. If allowing new democracies in the East to seek entry into the alliance of their choice is an exercise in line drawing, it is also an exercise in erasing the old artificial lines of Yalta and the cold war. And I look forward to erasing more lines. There is something odd about people in the West who already enjoy a NATO security guarantee telling those who do not have one that extending the guarantee would somehow create a new security problem.

In short, I am not especially impressed by the arguments of the opponents of enlargement. Their prescriptions are really a recipe for doing nothing, for postponing all key decisions. We must demand of them what their future vision of the alliance and the trans-Atlantic relationship is.

But this does underscore that we are going to have a debate in the Senate.

How can we win this debate and ensure successful ratification in the U.S. Senate? I'd like to share with you six commandments on NATO enlargement which, if followed, should help to ensure ratification.

First, show leadership. Leadership is key, above all, Presidential leadership. There is no substitute. This will be a national debate and the President must lead. He must also work closely with the leadership of the U.S. Senate. The sooner he starts this process, the better.

Leadership must not only come from the United States. It must come from Europe too and Germany in particular. And such leadership must be visible both within NATO and beyond. Let me give you one example. If the European Union falters in terms of its own plans for enlargement, it will make NATO enlargement more difficult to sell in the United States because it will be seen by Americans as a European failure to pull its fair share of the bargain.

Second, have a clear moral and political vision and rationale. Enlargement must be seen as the right thing to do. While NATO bureaucrats and diplomats may be consumed by the details of tactics and compromise communique language, what will be crucial in the public debate will be occupying the moral and political high ground. We will ask the opponents of enlargement to lay out their alternative vision—and we will see whose vision is more convincing.

Third, start with the strongest candidates and keep the door open. The enlargement of NATO will start with the strongest candidates for membership. But this does not mean that the alliance is drawing new lines or forgetting about those who, for whatever reasons, cannot be included in the first tranche. Those who are first have an obligation to ensure that stability be extended beyond their borders as well.

Fourth, know the costs and commitments—and who will bear them—in advance. This must be clear and known in advance. We need to understand the burdensharing arrangements before we assume the new commitments. The U.S. Senate will not ratify enlargement until it knows the costs and consequences for both the U.S. Armed Forces and the American taxpayer.

Talking about important details of defense planning issues should not be seen as militarizing the debate. Instead, it is simply prudent and responsible to sort out among ourselves just what these new commitments mean in practice and to develop plans and programs to ensure that NATO has the capabilities to carry them out. This is what alliances are all about.

Fifth, have a strategy for dealing with the have nots. The initial selection of members may be small. When another round of enlargement will take place may be uncertain. Thus, the need to have a clear strategy to underscore that enlargement will not produce a new Yalta. In some cases, the United States has a special relationship with countries that, at that moment, seem unlikely to be included in the first tranche.

The United States and Germany have a special responsibility toward the Baltic States. No U.S. President can enlarge NATO without having an adequate set of policies to sustain Baltic independence. The Baltic States may not be included in the first round of NATO enlargement. This underscores the need for an active policy of engagement with them. It is important that we make it clear that they will be full members if they meet the qualifications; that the door for eventual NATO membership for these countries remains open and that we will expand our cooperation with them in the interim period. Non-NATO countries such as Finland and Sweden should also be encouraged to expand their involvement in the region. Countries such as Germany should take the lead in trying to bring the Baltic countries into the European Union as soon as possible and, if they qualify, in the first tranche.

Sixth, realize the U.S. need for partners beyond Europe. While many Europeans do not want to acknowledge it, the reality is that there is a linkage between burdensharing arrangements within Europe and outside of it. As a U.S. Senator, it is easier for me to argue the case for NATO's double enlargement to the American people than it is for NATO's eastward enlargement alone. Americans understand that we have vital interests in Europe and they are willing to do their share to ensure that the new Europe which is emerging remains stable. They understand a strategy that posits that we and the Europeans are in this together and that we will work together to defend shared interests—both in Europe and beyond. What they will not understand is an arrangement where the United States is asked to do more in terms of extending new security guarantees, and more in terms of budgetary commitments, in order to extend stability to Europe's eastern half—and at the same time be expected to carry, more or less on its own, the responsibility for defending common Western interests outside of Europe.

RUSSIA

This brings us to a discussion of Russia. We all know how important Russia's future is for the future of European and international security. But where does Russia fit into the vision of the trans-Atlantic relationship I have laid out? My vision of the alliance does not depend on the existence or possible emergence of a new Russian threat in the East. We do not want an alliance whose vitality and success depends on failure in Russia. Instead, we want a Russia that will successfully reform—and whose success at reform make it a more interesting and useful strategic partner for the alliance.

The United States and Europe have an enormous stake in the success of the reform process in Russia. A stable and reformed Russia can be an active partner in maintaining security in Europe, in resolving regional conflicts, and in fighting the spread of weapons of mass destruction. We wish to establish a strategic partnership with Russia that takes account of Russia's position in Europe, a partnership that could and should, lead to formalized relationship with the alliance.

Russia's place, in my vision, is clear. I do not see Russia as a candidate member of the alliance. Russia is simply too big, too different. No member of the alliance today or in the foreseeable future would be willing to extend an article 5 guarantee to the Russo-Chinese border. And the Russians—unlike the East Europeans—are not really interested in assuming the obligations and responsibilities that NATO membership entails. At the same time, Russia will inevitably be more than a mere neighbor of this new and enlarged alliance. We hope it will become a partner, indeed a country with which we have a privileged partnership.

The NATO I envision is one which guarantees stability in Central Europe, a stability which is just as much in Russia's interest as our own. The Russians should realize that enlargement is not directed against anyone, certainly not against them. Stabilizing democracy in Eastern Europe does not threaten democracy in Russia. Russia will be better off with Poland in NATO than outside of NATO. A Poland that is secure within NATO will be less anti-

Russian and more interested in cooperation and bridge building. We cannot save reform in Russia by postponing or retarding reform in Eastern Europe.

The Alliance can and should have close strategic relations with Russia. NATO and Russia are allies in IFOR in Bosnia. We hope that this is not a one time affair but the start of a longer and more stable relationship. I hope to see the day when the border between an enlarged NATO and its Eastern neighbors, including Russia, are just as stable and secure as any others in Europe.

But it takes two to tango. Moscow has increasingly spoken out against enlargement, with some Russian commentators already bringing out their list of real or imagined countermeasures that they claim Moscow will have to take. Such talk is counterproductive.

I belong to those who not only supported NATO enlargement from the outset, but who believed that the Alliance should have moved sooner and more resolutely in enlarging. The Clinton administration, as well as the Alliance as a whole, opted for a slower approach than I would have preferred. And they did so in the hope that dealing with Moscow on the NATO enlargement issue would get easier over time as Russia came to understand the Alliance's true motivations.

But by now I think it is crystal clear that a policy of postponing key decisions has not made our lives easier. Some in Russia have misinterpreted Western patience as a sign of Alliance weakness and lack of resolve. Some Russians still believe that they can stop enlargement—and some of them are still tempted to try. As it has become increasingly clear that Russians do not support NATO enlargement, our policy increasingly looks to them like a kind of Chinese water torture. For several years, NATO has issued every couple of months a statement saying that it will enlarge, to which Moscow feels obliged to say that it opposes enlargement. When nothing happens, some observers in Moscow think that they have slowed or even stopped the NATO train.

It is too late now to go back and undo the policy decisions on timing. What is important now is that NATO not waver, that it stick to the agreed-upon timetable and move ahead with the initial decision on enlargement—irrespective of the outcome of the Russian elections.

CONCLUSIONS

Let me sum up.

There are many other factors that could yet shape the U.S. politics of NATO enlargement. If democratic reforms in the candidate states were to stall, the entire enlargement plan might be put on hold. It also makes some difference whom the next President appoints to key posts such as Secretary of State and Secretary of Defense. Overall, however, while ratification of new NATO members faces many obstacles and pitfalls, there is little evidence for the claim that it is politically infeasible.

The real tragedy would be if the Senate, in successfully encouraging the administration through legislation to proceed with the inclusion of new members in the Alliance, jeopardized or neglected the development of a bipartisan consensus and public support necessary to secure the 67 votes it will take in the Senate to ratify NATO enlargement.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LUGAR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. LUGAR. Mr. President, on behalf of the leader, I ask unanimous consent that the previous consent agreement regarding controlled time be amended as follows: Senator COVERDELL, or his designee, be in control from 4 p.m. to 5 p.m.; Senator DASCHLE, or his designee, be in control of 60 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. I thank the Chair. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COVERDELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COVERDELL. Mr. President, parliamentary inquiry, if I might. It is my understanding that the hour from 4 to 5 has been designated to myself or my designee, is that correct?

The PRESIDING OFFICER. The Senator is correct. The time between 4 and 5 is to be under the control of the Senator from Georgia.

KEEPING CAMPAIGN PROMISES

Mr. COVERDELL. Mr. President, I am just going to begin this hour. I understand the Presiding Officer would like to comment. So if he will allow me, I will make an opening statement, and then I will relieve him in the Chair so that he might make the remarks he chooses.

Mr. President, I have always felt that there should be a relevance, a connection, a linkage between what a public policymaker contends or discusses in the pursuit of office and what he or she does, if fortunate enough to achieve it. I think that much of the cynicism and anxiety that we have seen growing in our country can be tracked back to the failure of too many of us who seek public office relating what we said if we sought it to what we do if we achieve it.

I believe this administration is particularly vulnerable on at least three major subjects. The first one is taxes. This administration came to America and said, "We are going to lower taxes on the middle class." That is what was said. But what was done was that they were increased to unprecedented proportions.

We talked about and have heard the administration talk about its grave concern over drugs and crime, and drug abuse or drug usage, under this administration's watch, have skyrocketed to epidemic proportions. Just last week, there was a perfect example, where the President has said, "I am for a balanced budget," repeatedly, but stood foursquare in front of passage of the balanced budget amendment.

So, as I said, Mr. President—and I want to reiterate it here this afternoon—it is important that there be a linkage, a connection of relevance between what we say as we pursue public office and what we do if we are successful enough to achieve it.

Mr. President, I am going to relieve the Chair. I do not think I need to call for a quorum call. I will relieve the Chair so that he may make his comments.

(Mr. COVERDELL assumed the Chair.)

Mr. GRAMS. Mr. President, I want to follow up on some of the comments that you were making.

A DIFFERENCE IN PRIORITIES

Mr. GRAMS. Mr. President, it is easy to campaign as a champion of the middle class. As you know, President Clinton did it in 1992, when he made the middle-class tax cut the centerpiece of his campaign. His very first television commercial that year featured the candidate looking directly into the camera and telling the voters that they deserve a change. "That is why I have offered a plan to get the economy moving again, starting with a middle-class tax cut," he said.

Of course, we all know what happened to that tax cut a year later. The candidate who pinned his campaign to the hopes and dreams of the middle class became the President who let the middle class down once he moved into the Oval Office. His campaign promise of a tax cut was transformed into a $270 billion tax increase—the largest tax increase in American history. It was change, all right—but certainly not the kind of change the people had asked for or were promised.

Everyone who drives a motor vehicle knows what the President's 4.3-cent-per-gallon tax increase has done to their annual gasoline bills—especially recently, with gas prices around the Nation at such high levels. By boosting the cost of gasoline by nearly $5 billion every year, the gas tax has been particularly damaging for truckers, farmers, and anyone who lives in rural areas of the country.

Senior citizens, even those making as little as $24,000 a year, saw their taxes rise as well once the President's 1993 tax bill increased the taxable portion of their Social Security benefits by 70 percent.

For the more than 80 percent of small business owners who file their income taxes as individuals, President Clinton's 1993 tax increase forced them to pay taxes at a rate as high as 44.5 percent. That is significantly above the corporate rate of 35 percent, and means the folks who run the local plumbing business or TV repair shops are paying taxes at a higher rate than Microsoft or General Motors.

Families, job providers, retirees, motorists—all of us felt the pinch when the President signed his 1993 tax bill into law.

Since President Clinton's election, the Government is taking more from the paychecks of middle-class Americans than it ever has before. The administration and the Democrats in Congress who voted for it and passed it say, but it was only targeted at the rich. But, today, the typical American family faces a total tax burden of 38 percent. In human costs, this means we taxpayers are turning more money over to the Government than we are spending for our family's food, clothing, shelter, and transportation combined. Tax freedom day—the day the American taxpayers are no longer working just to satisfy Uncle Sam and can begin keeping our dollars for ourselves and our families—has jumped ahead an entire week since President Clinton took office.

The various budget plans the President has submitted to Congress over the last year and a half paint a very different picture of priorities. The priorities for which BOB DOLE and our Congressional majority have repeatedly fought have been to protect families from the unreasonable demands of an unregulated Federal Government. The priorities of the President and the Democratic leadership have always been to protect the status-quo government, and too often, at the family's expense.

In his State of the Union Address in January, President Clinton boldly declared that "the era of big Government is over." "Big Government" presumably meant the high taxes that have squeezed the middle class—the gigantic bureaucracy that has made redtape synonymous with Washington inefficiency, and the wasteful spending that has drained the taxpayers of their precious dollars.

But big Government remained alive and well in the budget the President submitted for fiscal year 1997.

That budget was nothing more than the status quo the current administration continues to defend. It did not rein in the big spending that has generated our massive deficit and put our children and grandchildren on the line for decades of our financial mismanagement. It called for $60 billion in tax increases over the next 7 years.

And where are the tax cuts the President has repeatedly promised American families? He offered nothing but token tax relief. His child tax credit began at just $300 per child, was slowly ratcheted up to $500, and then eliminated just 2 years later. By the way, teenagers were too old to qualify for that tax break.

Under the guidance of President Clinton and the Senate Democratic leadership, my colleagues across the aisle attempted to break the 1993 tax increase record when the President's budget came before this body in May. Had they prevailed, the amendments they offered during debate over the budget resolution, combined with the President's own tax mandates, would have amounted to another tax increase of $295 billion, dwarfing the $270 billion increase of 1993. Fortunately, the gentleman from Kansas has heard the demands of the American people in calling for fiscal restraint and relief from a crushing Federal tax burden, and under his leadership, we stood with the taxpayers in rejecting those attempts to further increase taxes on working-class families.

If the majority leader's balanced budget plan, with its $245 billion in tax relief, had been signed into law instead of stopped with a Presidential veto last December, April 15 would have been very different for the millions of Americans who dread the annual arrival of tax day.

Let me describe the tax day that could have been under the Republican balanced budget plan.

A family sits down at the kitchen table to tackle their Federal tax return, but it is not with the sense of foreboding they usually feel this time of year. They have heard that when Congress and the President enacted a balanced budget, they created changes in the tax laws that are making a dramatic difference for middle-class families like theirs.

Because both parents have jobs—let us say one owns their own small business and the other works part time at a local hospital—the first decision they have always had to make in the past was whether to file jointly or as individuals. Back then, filing as a family always came at a cost because of a glitch in the tax code called the marriage penalty. Because the marriage penalty required joint filers to pay higher taxes than if they had filed separate returns, it seemed as though the Government was discouraging family life, instead of trying to nurture it.

But no longer, because they notice immediately under the balanced budget bill that Republicans passed, sent to the President and which he vetoed, they notice that under that plan the marriage penalty had been eliminated, meaning families are no longer unfairly penalized through higher taxes.

That is the tax day I fought for. That is the tax day every Republican supported.

That is hypothetically again under a tax date that could have been.

As this family works through the form, they discover several other ways in which the Federal Government has rewritten the tax code to help bring families together and keep them strong.

They are the proud parents of three children, the youngest of whom they adopted just last spring. To help defray the enormous costs a family can incur during the adoption process, the new laws allow them take a tax deduction of up to $5,000 for adoption expenses. By reaching out to families willing to make room for a child without a home, this new tax policy makes sense, they decide.

To keep their family together, the young couple decided several years ago to move an elderly parent into their home and care for them there. They count themselves fortunate that they have been able to keep three generations together under the same roof, but it has stretched the family budget at times. They are pleased to learn that Congress has recognized this by allowing them to subtract $1,000 from their total tax liability to help offset the cost of caring for an older relative.

For families, the cost of health insurance and medical care can be overwhelming, and the challenges are even greater when they own a farm or a business.

While most working people receive their insurance through their jobs, small business owners and farmers usually purchase their own. Our mythical taxpayer has been able to deduct 30 percent of the cost of the health insurance premiums in past years, but they discover today that under the tax bill, the Balanced Budget Act that the Republicans passed, sent to the President, but again he vetoed, under that bill, the new tax rules would have allowed them a 50-percent deduction for self-employed individuals. It is still not the full 100-percent deductibility that large employers enjoy, but think it is a good start.

One unanticipated expense that recently came their way was the purchase of a new home. That required dipping into an IRA to help finance the downpayment, which used to mean a hefty tax penalty. No longer—families are now allowed to withdraw up to $10,000, penalty free, for first-time home purchases and certain other expenses.

And by the way, the student loan that helped finance a college education is no longer the financial drain it used to be, now that the Federal Government is allowing taxpayers to deduct up to 20 percent of the interest—as much as $500—every year for 5 years.

As they reach the end of the tax form, they discover the best news has been saved for last. After they have calculated their total tax liability, they then subtract a $500 tax credit for each of their three children. That is $1,500 of their own money that Washington is not going to take, which they can put toward meeting the needs of their family, not merely feeding the Federal bureaucracy. And best of all, this $500 per-child tax credit comes in addition to the $2,500 tax exemption for dependents.

They sign their 1040 and seal it away in its envelope, pleased that Washington is finally enacting tax policies that are putting families first.

That is the tax day BOB DOLE delivered to the American people by passing the Balanced Budget Act. Unfortunately, because President Clinton has an entirely different view of tax day—and proved it with his veto pen—the April 15 I have described is nothing more than the tax day that could have been.

While this administration went on the offensive against families by vetoing the $500 per-child tax credit, elimination of the marriage penalty, adoption and eldercare tax credits, and tax incentives designed to create jobs and boost salaries, Republicans, BOB DOLE, and NEWT GINGRICH put this Congress on record as standing squarely alongside the working families of America.

As long as taxes keep rising, the dollars Americans have left over to provide for their families will keep falling. And so it has been the Republicans' goal—the Dole-Gingrich goal—to help Americans earn more money and keep more of the money they earn, so they can do more for themselves, their kids, their communities, their churches.

I look forward to having a President who will sign legislation which helps the hard-working middle-class taxpaying families of America.

Thank you very much, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the distinguished Senator from North Carolina.

Mr. FAIRCLOTH. I thank the Chair.

(The remarks of Mr. FAIRCLOTH pertaining to the introduction of S. 1853 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Mr. BENNETT). Who yields time?

Mr. COVERDELL. Mr. President, in just a moment I am going to yield up to 5 minutes to the Senator from Wyoming.

Mr. President, over the last couple of years—since August 1993 when we got the largest tax increase in American history—instead of the tax reduction that had been promised—the figure of about $250 billion has been used over and over, and we need to put that figure in context—the actual tax increase from 1994 to the year 2002, or the 7 years that we all talk about, is $500 billion—$500 billion in new taxes from this administration, half a trillion dollars; that instead of the tax relief that was promised. And that is why I say there should be a relevance between what one says as he seeks office and what he does if he is fortunate enough to achieve it.

Mr. President, I yield up to 5 minutes to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I think there is nothing more important as we look toward an election, as we look toward closing this session of the Congress, as voters and citizens, than examining some of the things that are really important in making these decisions.

I think I must tell you I have been distressed, somewhat, over the last couple of years about this tremendous communication system we have where, for the first time ever, whatever happens in the world, you just instantly know about it. I compare that to what it must have been like 100 years ago. In my State of Wyoming, people did not know what in the world happened in Washington. They probably did not care very much, but they did not know for a very long time. Now we know and we have the greatest communications system, but I have to say I think we have developed this sort of spin process to where it is very difficult for us to know what the facts are so we can make decisions. That is really what this whole thing is about. That is what this Congress is about, what this Senate is about, is making choices, hard choices.

I guess, again, I reflect on elections where—obviously, you are not able to talk with candidates about 800 different issues which will be talked about during the course of a year here. So, instead, you have to sort of talk about philosophy and talk about where you stand and talk about the values that you have that you measure the issues against so the people that you talk to can say, "Yes, I understand. I understand that set of issues. So when I measure against that, I have a pretty good hunch as to how those decisions will be made."

Never have we had, I do not think, as clear a set of choices as we have had this year and will have in the coming year. I certainly respect that there are different philosophies and different points of view. We get up here and argue, often, the merits of the issues, which is valid, but when you really get down to it, what we are really talking about is the difference in philosophies.

A balanced budget is probably the most significant item we have talked about this year, the most significant item that has been brought before all of us as citizens: Whether we are going to be responsible for the spending, whether we are going to be morally responsible to pay for it as we use it, whether we are going to be fiscally responsible, to not spend more than we take in. Everyone says that is a great idea, but not everyone agrees with doing something about it. That is the choice you have. We have everyone saying, yes; we want to balance the budget. But then we have a vote and we do not have enough to get a constitutional amendment to do it.

So I think we have some real choices. We have to decide for ourselves what it is that we think is important.

Regulatory relief—I do not think anyone would reject the notion or resist the idea that we are overregulated. Overregulation is difficult for the economy, it causes fewer jobs, it causes less prosperity. We can change it. Everyone is for it, except when you get to it, and then they do not do it.

Welfare reform—we all talk about welfare reform. Is there anybody who says, "Oh, no, we do not need to change welfare, it is perfect"? Of course not. Do we get it done? No; we sent it to the President, and he vetoed it. This is the same President who campaigned on welfare reform.

So, these are the kinds of choices we have to make all the time. It seems to me it has become increasingly important that there is some credibility to where you stand, philosophically, on issues. Should we have less Federal Government or more? That is pretty basic, pretty basic stuff. When you talk about many of these issues, that is really the core issue. Should we do it here? Does it need to be done? Could it be done better? Could we, in fact, shift it to the States, closer to people, where it can better be done? That is a good issue. Less government or more? More regulation or less?

There are even some more basic issues, I think. They have to do with personal responsibility. They have to do with whether or not you really believe—and I really believe, I do believe—that we are responsible for our own actions. My wife happens to be a high school teacher. She probably says more often than anything else, "You are responsible for your own behavior. You are responsible for your own actions." If that is good enough for kids, it is good enough for us, too. That is how you build a strong freedom, a democracy, is people being responsible for their own actions.

But when you take a look at some of the issues we find ourselves saying, discretely, "Well, no, the Government really ought to be responsible for that. After all, there are a lot of things I am really not responsible for, so somebody else must be." That is pretty basic stuff.

BOB DOLE will be here for the last time tomorrow. I cannot help but think here is a man who has served his country for so long and has consistently been for the things that he said he was for, voted for them and supported them. He is not someone who has said, "Yes, I think I am for that," and then shortly after, "Well, I am not sure, I am really for something else. Yes, I am for it, but I am not going to vote for it, not that." BOB DOLE has been consistent in what he is for.

Responsible spending—throughout his career he has been for less government rather than more. He has been on the side of moving more and more government back to the States and local government, closer to people, so people can participate. He has been for self-responsibility, for sacrificing for his country. These are the things that—as I said, I think we had 800 votes or something last year on all these issues. But when you peel it all away, there is some pretty basic, fundamental stuff people either believe in or they do not.

There is another legitimate point of view—more government. A lot of people think the Government does a better job of spending money, that the way to balance the budget is to raise taxes, not to decrease spending. That is a legitimate point of view. I do not happen to share it, but it is a legitimate point of view.

I guess what I am really saying is, we are going to have another opportunity, our biennial opportunity, as citizens, to evaluate where we think we should go, in your Government—in our Government; what you think are the fundamental pillars of defending democracy and freedom.

I have had a couple of chances the last couple of years to go some other places. Frankly, I come back feeling more strongly about the elements of democracy and freedom and self-government than I ever did before. So we have that opportunity now. We will be measuring all of our candidates and all of our issues based on what we think is right and who we think will follow what they said they were going to do, where the credibility lies; people upon whom you can depend to stay with what they say. Mr. President, it seems to me that is kind of the real, old-fashioned, fundamental issue of this country. I am excited we are getting onto it.

I appreciate my friend from Georgia having this conversation about where we are going, his conversation of credibility, of being able to rely on what we say we are going to do, and do it. We have set about to do that this year. I am pretty proud about what we tried to do. I am sorry we have not come to closure on more things, but we have changed the total debate here.

Two years ago, no one was talking about balancing the budget. Now it is not a question of whether we are going to do it, it is a question of how we are going to do it. And that has been because I think we brought, from the last election, many of us, a message that said: "Look, we expect you to make some changes. You say you are going to have less Government, it is going to cost less and have less regulation. Do it." That is what we are seeking to do.

Mr. President, I yield the floor.

Mr. COVERDELL. Mr. President, I know the Presiding Officer would like to make some comments. In a moment, I will replace you so you can do that.

I want to thank the Senator from Wyoming, once again, for the excellent presentation he makes over and over on the Senate floor.

Just a moment ago, I mentioned this $500 billion tax increase that occurred in August 1993. The point I am making, Mr. President, is in 1992, the President said this:

> I've offered a plan to get the economy moving again, starting with a middle-class tax cut.

"Starting with a middle-class tax cut." Within 8 months, it became the largest tax increase in American history on the middle class. An average family in my State is paying $2,600 more in taxes and economic burden as a result of the actions and policies of an administration that promised just the reverse. With that, I will be glad to relieve the Chair.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER (Mr. COVERDELL). The Chair recognizes the Senator from Utah.

Mr. BENNETT. I thank the Senator from Georgia for his courtesy and his support and his leadership in putting together this afternoon's objectives.

As I understand it, we are talking this afternoon about the crossroads that America finds itself at in this quadrennial year, 1996. It is leap year; it is the year for the Olympics; and it is the year Americans decide who gets to stay in the White House until the next leap year and the next Olympics.

As I look back on 1992, the last time we had one of these elections—I have a very clear memory, because 1992 was the year that I ran for the Senate. It was a very interesting year. President Clinton was then Governor Clinton, and he was attacking an incumbent President. Ultimately, the Clinton message in 1992 came down to a single word. The word was "change." President Clinton was campaigning in favor of change and was calling upon Americans to vote resoundingly for change. I had a very strong reaction to that, because ultimately my campaign for the Senate came down to a single word, and that word was "change." I campaigned for change.

I got here and met the other freshman Senators in that group and found that virtually every one of them, regardless of party, had campaigned for change. I remember one of my colleagues on the Democratic side saying that she received a phone call some 3 weeks after the election and the voter said: "I voted for change. Where is it?"

She said: "I haven't even taken office yet."

The caller said: "Well, you promised me change, and you haven't produced, and I'm impatient."

What kind of a change did President Clinton give us once he did take office and take the oath of office? It was very interesting here as a Member of this body to see what happened. He became, if you will, co-opted by the Democratic leadership in this House and in the other one.

Senator Mitchell said, "You don't need to talk about reducing the size of the congressional staff, we already did that."

"Oh," said President Clinton, "I didn't know that, so we'll allow spending as usual to go on in the Congress."

"Well, what about changing the Tax Code?"

"Oh, you don't need to do that," said Senator Mitchell and Speaker Foley, "we've already taken care of the Tax Code. As a matter of fact, what changes you do need in the Tax Code should be on the upside rather than the downside."

"Oh," said President Clinton. "Well, as long as you tell me that's what it ought to be, I will do it."

I remember the first major battle we had in this Chamber on the issue of change. The President proposed an emergency appropriations bill. Now, Mr. President, what does it mean when you say "an emergency appropriations bill"? I had to ask that question. I was new; I didn't understand. They explained it to me. If you have an emergency appropriations bill, that means it does not have to fall under the restrictions of the reconciliation bill or the budget bill. That means it goes directly into the deficit without stopping any way through. We had a $19 billion emergency appropriations bill on this floor that we had to have to meet all the emergencies.

What were the emergencies? Well, there was a warming hut that needed to be built by a skating rink somewhere in New England. Great emergency. Somehow they had gotten by skating on that pond or that local rink for a long time, but now there was an emergency; we had to have that warming hut. We had to have a whole series of things that were in that genre, and

BOB DOLE from this desk stood up and said, "No."

I realized, from that desk way over there, as a very new freshman, that what we were seeing was not change; it was business as usual. Promise one thing, then when you get to the Congress, when you get in office, cloak everything you do in confusing terms, call this an emergency; but basically pork-barrel spending for the President's political base in the same pattern as it had always been.

What we were seeing was an attempt at business as usual and from Senator DOLE an attempt to stop business as usual and produce change in the way things were done. From this very desk where I stand today, BOB DOLE organized the Republicans in this Chamber who stood together in defiance of business as usual and brought about the first demonstration of real change in the way business is done when, by use of the filibuster, they stopped the President's stimulus package and insisted that those spending items had to be put in the budget.

I remember, Mr. President, we wore buttons that said, "Just pay for it." Do not let it go directly to the deficit and borrow money. Find a place where you would pay for it with some kind of spending cuts someplace else for these emergencies.

When it finally happened, the Presiding Officer remembers, we ended up passing that portion of that appropriations bill that was really needed, but somehow the rest of it disappeared and the Republic survived. The emergency passed and no dire consequences occurred.

I must confess, I do not know if the warming hut on the skating rink ever got built. I rather suspect that it did, if the local community that wanted it wanted it badly enough. But somehow we saw the beginning of real change by virtue of BOB DOLE's leadership standing up to political business as usual in that circumstance, and that went on all through the 103d Congress, until in the election of 1994, the American people said, "We want change," even more loudly than they said it in 1992. Only this time the President got the message in a different fashion. Not one single incumbent of the party opposing the President was defeated in that election. Not one. That is an extraordinary historical fact. This has never happened before, that I know of, in American history.

The Republicans took control of both Houses of Congress and the President suddenly got very, very nervous on the issue of change, because the Republicans were determined to produce change, the change that President Clinton promised before he slipped into the control, if you will, of the Democratic leadership of the Congress, and blame the advocate of business as usual.

As I say, we are coming up to another election. I was at a dinner party a month or so ago where a number of people were talking politics. It is hard to go to a dinner party in this town where people do not talk politics. The host said, "I want to pose a couple questions." He said, "If Bill Clinton is reelected, what will he do in his second term?" or, conversely, "If BOB DOLE is elected, what will he do in his first term?"

Interesting. No one at the party had the slightest idea what the answer to the first question was. Nobody knew what Bill Clinton will do in his second term. Will he revive health care as a major issue? No one knew. Will he try to restructure the Tax Code, either raising or lowering? Nobody knew. What will he do about balancing the budget? Nobody had the slightest idea.

Then someone said, "Well, what would BOB DOLE do if he got elected?" "Oh, he'll work on restructuring the Tax Code. He'll work toward a balanced budget." He will do a whole list of things. I said, "Wait a minute. BOB DOLE is supposed to be the candidate with no vision. Bill Clinton is supposed to be the candidate that has a clear idea where he wants to take the country. Why can't any of you tell me what Bill Clinton will do in his second term, but you all can give me answers to what BOB DOLE would do in his first term?"

We all looked at each other as if we made a great discovery, that Bill Clinton talks about this and he talks about that, and he gives speeches saying we have to reform welfare, and he says the Republicans are right on a whole bunch of issues, and he seems to be co-opting all of the Republicans' positions, but he never really makes it clear what he intends to do if he gets elected.

In the language of the business world, he is keeping his options open. In other words, he is keeping himself in a circumstance where he can go wherever he wants if he gets elected without ever tipping his hand as to what his intentions really are.

Mr. President, let me tell you what I think his intentions really are. I have tried to examine the entrails of this particular owl and see if I can read them and come up with a prediction of the future. So let me take a stab at it.

I believe Bill Clinton does have a clear idea of where he wants to take America. I go back to the 1992 campaign when he was asked for his vision and he said, "I am concerned about the security of every American, the security of their job, the security of their income. I want an America that will make everyone secure."

Have we heard this before? Yes, Mr. President. This sounds like the rhetoric of most European politicians. I believe Bill Clinton wants to make the United States a modern European industrial state. Let us pick one as an example. I do not know whether he has this one in mind.

Germany is a modern industrial European state. I think it is no accident that the first priority that President Clinton had was to give America a health care system modeled on the German model. What happens in a modern European industrialized state? Well, there is a lot of security. If you lose your job in Germany, the Government steps in and you can live for a long time on the kinds of payments the Government will give you.

Indeed, unemployment in Europe is twice as high as it is in the United States and four and five times as long. If you lose your job in the United States, statistically you are likely to find a new one in 6 months. The majority of people who are unemployed find a job within 6 months or less in the United States. Something like 60, 70 percent of the people who are unemployed in Europe stay unemployed for 4 and 5 years.

This is the kind of country we would have if we were a modern European industrialized state: Unemployment twice what it is in the United States today, a tax burden of higher income taxes, higher payroll taxes, and consumption taxes, to boot, that would be close to something like a 14 percent national sales tax—that is the value-added tax level in Europe, different maybe in different countries, but basically around 14 percent—a much higher deficit, and a much higher national debt in proportion to the size of our economy.

As concerned as we are about our national debt, our national debt is the lowest of all of the industrialized countries in the world. President Clinton would like to take us in that direction. I sit on the Joint Economic Committee. President Clinton's principal economic adviser, Dr. Laura Tyson, testified before the committee after the Clinton administration took power.

She said to us on that committee—I still remember it very clearly—she said, "Compared to the other industrialized nations of this world, the United States is seriously undertaxed," and then implied this administration is going to fix that.

No. I think we know the direction in which President Clinton would go in a second term. It is the direction toward turning the United States into a North American version of Germany or France or Sweden, just as those countries are desperately trying to get out from under the kind of governmental control that has grown up there since the Second World War and are grasping to become more like the United States.

There is an alternative, of course, in November. That is the candidate for whom, in my belief, the principal interest is not security, but opportunity, an opportunity for a good job, an opportunity for a good education, an opportunity to contribute, to build, to save, to create circumstances for one's family that can make those circumstances better.

Opportunity is a little scarier than security. But throughout history, opportunity pays better. Countries that are built on opportunity do a whole lot better than countries that focus entirely on security.

So, Mr. President, I thank the Senator from Georgia for giving us this opportunity to talk about the differences that are going to be starkly portrayed between now and November.

As I get ready for the November election, I am going to go back to 1992 in my old play book and pull out the word "change" that worked so well in 1992 for all of us, and recognize that in 1996 BOB DOLE will be the candidate of change and Bill Clinton will be the candidate of the status quo. BOB DOLE will be the one who wants to take the Tax Code and turn it into an engine of opportunity. Bill Clinton will be defending the Tax Code and saying, it is just fine except it needs to be a little higher here or there.

BOB DOLE will be the one who is saying we must change welfare so these people have an opportunity to get off of it. Bill Clinton is the one who will be saying, no, let us hang on to the basic principles of the status quo and across the board.

In 1992, the American people said, "We want change." They got business as usual. In 1994, the American people even said more loudly, "We want change." Unfortunately, they have gotten gridlock because the White House has not gone along with the change that came by virtue of the Congress.

In 1996, the American people will have one more opportunity to say, "We want change," and this time achieve it if they give BOB DOLE the opportunity to carry out that which he has told us he will do instead of voting to keep the status quo.

Mr. President, I yield the floor.

(Mr. BENNETT assumed the chair.)

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I appreciate the remarks of the Senator from Utah. The Senator brings a very interesting perspective when he points to trying to determine what the administration's plan would be in that second term. When you alluded to the industrialized societies of Europe, I was particularly taken with the comment about unemployment, I think running around 12 percent, in Germany today. What was once an enormous competitive force, and we have all thought of as a competitive force, is now struggling with the burdens of a government that ensnares every facet of life for the people of Germany.

I yield up to 10 minutes to the good Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa.

THE VOID IN MORAL LEADERSHIP—PART XI

Mr. GRASSLEY. Mr. President, we now have the classic example of duplicity in budgeting. It's the first clear example of budgetary duplicity since the infamous magic asterisk made famous by David Stockman. This time, it is by the President himself.

The example is revealed courtesy of my colleague from Missouri, Senator BOND. He has laid out a compelling case that shows when the White House speaks about its budget, it speaks with two voices. One voice emanates from the left side, the other from the right side. Not surprisingly, this is so the President can have it both ways. They can have their cake and eat it too.

The consequence of this duplicity is continued public cynicism. These days, that's a cardinal sin of any political leader. it undermines the confidence of our citizenry in its political leaders and in our system of government.

Those watching from their homes, Mr. President, often get confused by our arcane budget process and terminology. So I want to explain this duplicity in normal, everyday language.

As a big taxer and big spender, the President's political strategy is to spend money to make all his special interests happy. He already passed the largest tax increase in the history of the country back in 1993. Now, he wants to use those revenues to spend more just before he's reelected.

The problem is, his budget would deficit-spend forever. It would never be in balance.

More than 80 percent of the American people want a balanced budget. Republicans criticized the President for not having a balanced budget. The criticism worked. It was scoring points with the public. That's because they support a balanced budget overwhelmingly.

The President was on the political run. So he had a decision to make. He still wanted to spend all the money necessary to make his special interests happy. But he also wanted the public to think he had a balanced budget. That way, he could put a stop to all the criticism about not having a balanced budget. And, he would also not offend his political supporters. In other words, he could have his cake and eat it too.

There's only one problem with this. To pull that off, the President would either have to make tough choices, or he'd have to use some sleight-of-hand. Sleight-of-hand won out.

And so, the President presented his budget to Congress and the public. In doing so, he presented two budgets. One was $67 billion more expensive than the other.

Depending on who he was talking to, he would reference one budget or the other. For instance: If he was talking to critics who said his budget didn't balance, he'd point to the one that's $67 billion cheaper. If he was talking to his special interest friends whom he didn't want to offend, he'd point to the one that had $67 billion more in it.

That way, the President hoped to satisfy everyone, and offend no one.

There's evidence of this.

Senator BOND received testimony from their different heads of agencies that confirm the budgetary shell game. EPA Director Carol Browner, HHS Secretary Donna Shalala, and NASA Administrator Dan Goldin each suggested that the White House told them not to worry about future budget cuts in their agencies that would occur under the balanced budget version.

In other words, the White House fully intends to honor the more expensive budget, rather than the balanced budget. But the President doesn't want to say that before the election so he can't be criticized for having a bloated budget.

What this shell game shows is a White House that plays fast and loose with honesty. It is duplicitous. It's saying one thing out of one side of the mouth, and another out the other side. In the final analysis, the President intends to abandon a balanced budget, should he survive his effort for a second term.

There's an even more serious and destructive game the White House is playing in its budget. The issue is the veterans' budget. The Secretary of Veterans Affairs is the Honorable Jesse Brown. Mr. Brown confirmed this before Senator BOND's subcommittee.

He confirmed that, even though the President's budget would decimate veterans, the President has assured him he will renegotiate the veterans' budget every year. In other words, veterans funding, too—just like all the others—will also go up, allegedly. That would put even more pressure against a balanced budget.

The problem with this example, Mr. President, it's more than simply a shell game. It's a total disavowal of the President's veterans budget, by the President's own people. Worse, by the President himself. It's an official budget that's not official. And that, Mr. President, is a matter of budget integrity. And this budget lacks integrity.

The budget of the United States represents the official statement of policy of a President. If that is true this President's statement of policy is one of duplicity. And it lacks credibility and integrity.

And that, Mr. President, is the mark of a failed leader. A leader who undercuts his own moral authority to lead the Nation. You cannot be a leader if your policies reflect duplicity, a lack of credibility, and a lack of integrity.

This is the 11th in a series of talks, Mr. President, that I have shared with my colleagues on my observations about the President's failure to lead by example. His failure of moral leadership.

If our leaders continue to lead this way, public cynicism—already at dangerous levels—will reach critical mass. We cannot continue to serve the people of our country in this way.

Republicans have tried to lead by example. We put our money where our mouths were. We passed congressional accountability, putting Members of Congress under the same laws as we passed for the rest of the country. We passed a balanced budget last year. And, we'll pass another one later this week.

But the President will veto a balanced budget again, without an honest alternative of his own. This is failed leadership of the worst kind, Mr. President.

Finally, Mr. President, I commend Senator BOND for his outstanding detective work in surfacing this budget duplicity on behalf of the American people.

Mr. COVERDELL. Mr. President, I believe we have gone past the allotted time by several minutes.

I ask unanimous consent that we be allowed up to 15 more minutes to conclude our remarks.

The PRESIDING OFFICER (Mr. INHOFE). Without objection, it is so ordered.

Mr. COVERDELL. Mr. President, I commend all the Senators who have come to the floor and discussed the general premise that there should be a relationship between what officeholders say during the course of seeking the office and what they do once they achieve it.

We talked about the fact that the administration talked about a tax reduction to the middle class and then raised taxes on them up to $500 billion. We have talked about this budget duplicity, which we just heard about here today. We talked about the issue of being for a balanced budget, but then coming foursquare against the balanced budget, an amendment to the Constitution that would do nothing more than allow the issue to go to the several States. Yet, there was fear even of letting that go to the people.

I am going to mention one other, as we close out, because the administration has talked frequently about its concern over crime in our country. By anyone's observation today, you cannot separate crime from drugs. And if there is one thing laying at the foot of this administration, it is the fact that they altered dramatically the drug policies that governed from 1980 to 1992—that 12-year period that saw massive reduction in the use of drugs at all levels.

Between 1979—to give some examples, Mr. President—and 1992, drug use was cut in half in America. There is no way we will ever know the millions of families—sisters, brothers, friends, next-door neighbors—that were saved from tragic consequences because of policies that discouraged the use of drugs.

Under this administration, marijuana use among young people has increased an average of 50 percent across all age groups. Teenage drug use has risen every year under this administration. In 1992, at the beginning of the administration, 2.4 million of our youth used drugs. Today, the figure is 3.8 million—up 58 percent. This, Mr. President, is an epidemic.

Use of marijuana, ages 14 to 15, is up 200 percent since 1992. Marijuana use among eighth graders was 3.7 percent in 1992. Today, it is 7.8 percent—a 110-percent increase.

Hallucinogens, LSD and PCP, were at 5.8 percent up to 1992, and now it is 9.3 percent—up 60 percent.

There were 146 people in the office of the drug czar when the President took office. He took it down to 25 people and has only recently discussed increasing it—I am sure as a result of these epidemic numbers that I am describing to you here today.

The list goes on and on. But what has resulted, Mr. President, is that the combination of changing the policies, moving away from interdiction—those budgets went down—and moving away from law enforcement, emphasizing rehabilitation, I would have never believed, Mr. President, that those changes in policy could have such a massive and rapid response. Remember, we had a Surgeon General that was suggesting, early in this administration, that it was OK to legalize drugs.

The fact that these drug policies changed was de-emphasized, and the White House never talked any more about drugs. Some made fun of Nancy Reagan's "Just Say No," but we can use a little bit more of that now. What happened was our youth, very quickly, began to believe that drugs were no longer a problem.

The result has been that, thinking it is no longer a problem, they are more willing to experiment with drug use. The result of that is that we have recreated a drug epidemic in our country of immense proportions, and there are millions of families that are going to suffer the consequences because we have not put up the fight. Whether it is a sister, a brother, a neighbor, someone in our town, someone across the hall in the workplace, we have created millions of casualties in America.

The administration is talking more about drugs, but it is still not getting the job done. President Clinton requests 19.4 percent less funding for prevention in 1997 than he requested in 1996. So we still have a pattern that is ignoring this crisis.

Now, this crisis reverberates through our hemisphere. Our fellow countries in the hemisphere are now coming under a deluge from the drug cartel. President Zedillo of Mexico said that there is no greater threat to his Republic than the drug cartel.

This is a massive crisis that must be confronted very quickly in the balance of this decade as we move to the new century, if we are going to save millions of American casualties, from crack babies to drug use. This is the first time in my life that we have actually witnessed a war that is directed at kids—people 8 to 12 years old.

The last drug crisis focused principally on people who were 16, 17, 18, 19, and 20 and now it has moved down to 8, 9, 10, 11, and 12, and this ought to command the attention of every policymaker—a mayor, a Governor, a county commissioner, and, yes, the President of the United States.

Mr. President, I am about to yield the floor. I want to reiterate what I said when we began—that there should be a relationship between what policymakers say to our citizens and what they do. You ought not to promise tax relief and then raise taxes. You ought not say you are for a balanced budget and then fight it at every turn. You ought not to say that you are fighting to win this drug war and then turn a lot of it off, because that creates cynicism in our country. It really does. It makes people sit back and wonder about their Government. In every way that we can we ought to stress that relationship between what we run for and what we stand for and what we do. There should not be a great distance in the rhetoric and the deed. As near as possible they should match. We have emphasized here this afternoon that in all too many cases in the last 36 months they have not.

SENATOR BOB DOLE

Mr. COVERDELL. In closing, Mr. President, one of the speakers a little earlier, I think Senator BENNETT of Utah, talked about Senator DOLE and this desk. Tomorrow Senator DOLE will leave his beloved Senate. And I said after his announcement that I would never look at this desk and not see the distinguished Senator from Kansas.

So, in closing, I just want to, as a precursor for tomorrow, wish him well, wish him Godspeed, wish him a safe journey, and to be among the millions of Americans to thank him for all that he did for his State, for this Senate, and for the United States of America.

With that, Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, I ask unanimous consent to speak as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

HERBERT CLARK AND LOU HOOVER

Mr. GRASSLEY. Mr. President, a distinguished Iowan once wrote: "I prefer to think of Iowa as I saw it through the eyes of a 10-year-old boy. Those were eyes filled with the wonders of Iowa's streams and woods, of the mystery of growing crops. They saw days filled with adventure and great undertakings, with participation in good and comforting things. They saw days of stern but kindly discipline." That 10-year-old Iowa boy later became the 31st President of the United States. Herbert Clark Hoover was the first U.S. President to be born west of the Mississippi River.

President Hoover's home until he was 11 years old was in West Branch, IA. And the Hoover Presidential Library in West Branch is the place where he returned upon his death in 1964. Born into a Quaker family in 1874, he was raised in the Quaker tradition by his parents until their untimely deaths. Then, he was raised by other family members. During his formative years, he was taught the principles of honesty, hard work, simplicity, and generosity.

Herbert Hoover's life was one of great undertakings. An accomplished and successful engineer, he put his organizational skills to work during the First World War. In England at the outbreak of the war he helped, often with his own money, to get his fellow Americans back home. When Belgium was invaded and the Belgian people were in need of food, Herbert Hoover responded. He instituted food relief efforts as the head of the Belgian Relief Campaign. He organized the acquisition, delivery, and distribution of tens of thousands of tons of food. Thousands were saved from a horrible death by starvation. Herbert Clark Hoover proved himself to be one of the great humanitarians of the world.

President Woodrow Wilson subsequently appointed Herbert Hoover as Food Administrator of the United States. From this position he oversaw the Government's food conservation program for the duration of the war.

During the terms of Presidents Harding and Coolidge, Hoover served as the Secretary of Commerce. Then in the election of 1928, the people of this great country honored him by electing him their 31st President. It is important to note that during his public service, Herbert Clark Hoover did not accept a salary from the people. His reward was in his service to his fellow Americans. I wonder how many of us today are prepared to do the same.

Honesty, hard work, simplicity, and generosity—the principles that Herbert Hoover learned as a boy and practiced all of his adult life. These are principles which all of us try to teach our children. Once learned and once practiced, they can change the world.

Lou Henry Hoover, a Waterloo, IA native, was active alongside her husband. She was the first Iowan to be First Lady. Such a splendid couple they made together.

Lou Hoover received eight honorary degrees in recognition of her public service. Twice she was president of the Girl Scouts of America. While in that position, she began the Girl Scouts cookie sales program, which has become an American tradition.

Lou also promoted women's athletics, helping to found the National Amateur Athletic Federation. She served as president of the Women's Division from 1922 to 1940.

Significantly, in 1929, First Lady Lou Henry Hoover broke the White House racial barrier by entertaining the wife of Oscar DePriest, a black Congressman from Chicago.

Many Americans are cynical of those of us in public life today. They think of us as being self-serving. This is unfortunate. This is not healthy for our country. Perhaps if we look closely at the lives of men and women like Herbert and Lou Hoover and try to follow more closely in their footsteps of humanitarianism, dedication to public service, and the spirit of giving freely of themselves, we could begin to regain more of the public's trust.

Iowans proudly gave up the Hoovers to the world. And when the Hoovers gave up this world, Iowans were deeply honored that they chose to return home to Iowa. Herbert and Lou Hoover—great humanitarians of the world—exemplify the Iowa spirit.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, June 7, 1996, the Federal debt stood at $5,133,885,689,631.55.

On a per capita basis, every man, woman, and child in America owes $19,703.31 as his or her share of that debt.

PIKE-HUSKA AMERICAN LEGION AUXILIARY UNIT NO. 230

Mr. PRESSLER. Mr. President, I want to take a moment to pay tribute to the American Legion Auxiliary Unit No. 230 in Aurora, SD, for their actions to encourage democracy. The Pike-Huska Unit provided a forum for voters to meet the candidates for city council and learn more about each candidate's individual platform. As this election year evolves, we are reminded by the Pike-Huska American Legion Auxiliary of the importance of voter education and participation. I believe citizens should closely follow the voting records of their elected officials and keep up on current events. An informed electorate is central to maintaining a truly representative democracy. It is no wonder South Dakotans historically have one of the highest voter participation rates in the Nation—South Dakotans are active believers in democracy.

I ask unanimous consent that the information sent to me by the organization's secretary, Margaret Allstot, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AURORA, SD,
March 27, 1996.

Hon. LARRY PRESSLER,
U.S. Senate, Russell Office Building,
Washington, DC.

DEAR SENATOR PRESSLER: Last evening our American Legion Auxiliary, Unit 230, Pike-Huska Post, Aurora, South Dakota, sponsored an election forum for candidates who are running for our town council. We had printed flyers notifying both the candidates and the residents of the community of this event. We asked the local Boy Scout Troop to hand distribute the flyers which they did. We asked local residents to be moderator and time-keeper for our forum. We also contacted the local radio station and newspaper to publicise this event. We served coffee and cookies at the end of the forum.

The forum was well attended and issues brought forth and discussed along with meeting the candidates, some of whom were not well known. We felt we had offered a worthwhile project for our Auxiliary Unit, for both Americanism and for Community Service.

I am proud to be a part of an organization who recognizes as its responsibility of helping citizens to be better informed to use their privilege of freedom of voting. Hence, I request that this project be placed in the CONGRESSIONAL RECORD.

Thank you,
Sincerely,

MARGARET ALLSTOT,
Secretary.

"KNOW YOUR CANDIDATES" FORUM, TUESDAY, MARCH 26, 1996

CANDIDATES FOR CITY COUNCIL

Mayor:
2 year: John Barthel, Stu Salzman.
Alderman:
Ward 1, 1 year: Dale Niskimins, Charles Tiltrum.
Ward 1, 2 year: Jon Geise.
Ward 2, 2 year: Bob Anderson, Doris Scanlon.

Come meet your candidates and learn their platforms on many key issues concerning our city government and their duties and goals.

1. Maintenance
2. Law Enforcement Contract
3. Garbage Disposal/Recycling
4. Long-term Goals
5. Special Interests/Improvements/Industry

Sponsored by the American Legion Auxiliary Unit #230, Aurora

NOTICE OF PROPOSED RULEMAKING

Mr. THURMOND. Mr. President, pursuant to section 304(b) of the Congressional Accountability Act of 1995 (2 U.S.C. sec. 1384(b)), a notice of proposed rulemaking—extension for period for comment has been submitted by the

Office of Compliance, U.S. Congress. The notice extends the period for public comment on a notice of proposed rulemaking relating to Section 220(e) of the Congressional Accountability Act, published in the CONGRESSIONAL RECORD dated May 23, 1996.

Section 304(b) requires this notice to be printed in the CONGRESSIONAL RECORD, therefore I ask unanimous consent that the notice be printed in the RECORD.

There being no objection, the notice was ordered to be printed in the RECORD; as follows:

JUNE 7, 1996.

OFFICE OF COMPLIANCE

NOTICE OF PROPOSED RULEMAKING—EXTENSION OF PERIOD FOR COMMENT

A Notice of Proposed Rulemaking [NPR] for the proposed regulations implementing Section 220(e) of the Congressional Accountability Act of 1995, was published in the CONGRESSIONAL RECORD dated May 23, 1996. This notice is to inform interested parties that the Board of Directors of the Office of Compliance has extended the period for public comment on the NPR until July 1, 1996. Any questions about this notice may be directed to the Office of Compliance, LA 200 John Adams Building, Washington, DC 20540-1999; phone: (202)724-9250; fax:(202)426-1913.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I ask unanimous consent I have the opportunity to speak for up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT. I thank the Chair.

(The remarks of Mr. ASHCROFT pertaining to the introduction of S. 1854 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. GRASSLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

D-DAY

Mr. DOLE. Mr. President, I would like to just make reference to a statement about D-day, which I should have made a few days ago. I want to at least have it in the RECORD before I leave.

Mr. President, 52 years ago on June 6, Gen. Dwight Eisenhower made this dramatic announcement from London:

> People of Western Europe: A landing was made this morning on the coast of France by troops of the allied expeditionary force . . . the hour of your liberation is approaching.

As Eisenhower made that announcement, 130,000 American and Allied troops under his command, stormed onto the beaches along the coast of Normandy, France.

On that same day—June 6, 1944—another 23,000 British and American airborne forces were parachuted or taken by glider to secure critical inland areas.

The courage and dedication exhibited by these soldiers on that day and in the weeks that followed led to the liberation of Europe and the defeat of fascism.

As we mark the 52d anniversary of D-day, we must also look to the future, and remember the lessons that World War II taught us—and holds for us still.

We learned that we cannot turn our backs on what happens in the rest of the world.

We learned that we can never again allow our military to reach low levels of readiness and supplies.

We learned that we cannot appease tyrants and despots.

We learned the critical importance of American leadership.

And, perhaps above all, we learned that while leadership may carry a heavy price—it is a price well worth paying.

Mr. President, on this, my final D-day as a U.S. Senator, I would like to pay tribute to my colleagues who along with this Senator, served their country in World War II.

That rollcall includes the names of: Senator DANIEL AKAKA, U.S. Army; Senator DALE BUMPERS, U.S. Marine Corps; Senator JOHN CHAFEE, U.S. Marine Corps; Senator JAMES EXON, U.S. Army; Senator JOHN GLENN, U.S. Marine Corps; Senator MARK HATFIELD, U.S. Navy; Senator HOWELL HEFLIN, U.S. Marine Corps; Senator JESSE HELMS, U.S. Marine Corps; Senator ERNEST HOLLINGS, U.S. Army; Senator DANIEL INOUYE, U.S. Army; Senator FRANK LAUTENBERG, U.S. Army; Senator DANIEL PATRICK MOYNIHAN, U.S. Navy Reserve; Senator CLAIBORNE PELL, U.S. Coast Guard; Senator BILL ROTH, U.S. Army; Senator TED STEVENS, U.S. Army Air Corps; Senator JOHN WARNER, U.S. Navy; and, of course, our colleague who landed a glider behind enemy lines on D-day, Senator STROM THURMOND, U.S. Army.

Mr. President, on June 6, and all the days to follow, we can best honor those who risked and gave their lives for freedom by rededicating ourselves to the promise that President Reagan made on behalf of America on the beaches of Normandy 12 years ago:

> We will always remember. We will always be proud. We will always be prepared, so we may always be free.

SMALL BUSINESS AGENDA

Mr. DOLE. Mr. President, this is Small Business Week, a time when we honor the entrepreneurs and risktakers who make this country great. It is also a good time for taking stock of what we are doing to enable this Nation's small businesses to grow and prosper—especially without the Federal Government standing in the way. The administration has portrayed itself as a friend of small business, claiming numerous accomplishments. Not surprisingly, those claims are hollow. The Senate and House Small Business Committees each had oversight hearings during the last few days. These hearings were intended to examine implementation of the small business agenda, all of which were part of the final recommendations of the 1995 White House Conference on Small Business. In almost every case, on issues of paramount importance to small business, the administration has opposed its agenda by either threatening to veto legislation, by actually vetoing legislation that gets to the President's desk, and by failing to implement the legislation he has signed into law. One example of the administration's tendency to talk but not to follow through is implementation of the Paperwork Reduction Act. GAO reported yesterday that the administration had set a Government-wide goal of 10 percent reduction. EPA set a 25-percent reduction goal. The reality has been less than 1 percent reduction. The overall paperwork burden remains about the same: around 7 billion hours per year, a huge problem for small businesses which have real work to do.

The Small Business Committee cited a number of legislative initiatives which we have tried to advance. In every case, the administration has stood in the way. The Small Business Committee's report card on these issues gives the administration a failing grade.

In some cases, President Clinton actually vetoed legislation of great importance to small business. Like the Balanced Budget Act, or product liability, which limited the amount of punitive damages that may be assessed against small businesses, but where the administration sided with the trial lawyers. President Clinton vetoed legislation which would have increased the deduction for health insurance costs of the self-employed. He vetoed estate tax reform, which would have reduced the estate tax when a family-owned business passes from one generation to the next. Almost as bad, the administration has threatened to veto almost every bill small business needed. Regulatory reform, which required that every rule ensure that benefits justify costs, was veto-bait to the President. Ironically, these are requirements contained in President Clinton's own Executive order. But an Executive order lacks the enforceability of a statute, and apparently here, too, the administration did not have the courage of its convictions. Likewise, he has threatened to veto legislation that would ensure that farmers, small landowners, or any citizen would be entitled to the constitutional right of compensation if the Government takes his property. The property rights bill would also help small business get through the judicial quagmire they face now.

President CLINTON said he would veto OSHA reform legislation. He has threatened to veto the Team Act, which would allow managers and employees to work together to resolve workplace issues. Likewise, he has threatened to veto repeal of the 1931 Davis-Bacon Act, which makes it hard for many small businesses to participate in Federal contracts.

All in all, the issues of great importance to small business have been blocked by this administration. But we will keep trying to clear the way for the real entrepreneurs who are the backbone of this Nation. We owe them all our thanks. But more importantly, we owe them real action, not just rhetoric.

APPOINTMENT BY THE MAJORITY LEADER

The PRESIDING OFFICER. The Chair, on behalf of the majority leader, pursuant to Public Law 104-127, appoints the following individuals to the Water Rights Task Force: Sherl L. Chapman, of Idaho, and Richard K. Golb, of California.

APPOINTMENT BY THE DEMOCRATIC LEADER

The PRESIDING OFFICER. The Chair, on behalf of the Democratic leader, pursuant to Public Law 104-127, appoints Elizabeth Ann Rieke, of Colorado, to the Water Rights Task Force.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting one withdrawal and sundry nominations which were referred to the appropriate committees.

(The nominations and withdrawal received today are printed at the end of the Senate proceedings.)

MEASURES PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

H.R. 3120. An act to amend title 18, United States Code, with respect to witness retaliation, witness tampering and jury tampering.

EXECUTIVE COMMUNICATION REFERRED

The following executive communication, previously referred to the Committee on Commerce, Science, and Transportation, was referred as indicated:

EC-2782. A communication from the Director for Executive Budgeting and Assistance Management, Department of Commerce, transmitting, pursuant to law, concerning grant and cooperative agreement cost principles, (RIN0605-AA10) received on May 22, 1996; to the Committee on Governmental Affairs.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2946. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of two rules includes the rule entitled "The Acid Rain Program," (FRL5513-4) received on May 31, 1996; to the Committee on Environment and Public Works.

EC-2947. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the rule entitled "Hazardous Waste Treatment, Storage, and Disposal Facilities Waste Generators (FRL5509-4) received on June 3, 1996; to the Committee on Environment and Public Works.

EC-2948. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, a report relative to the review of potential health effects from the use of magnetic levitation for railroad transportation; to the Committee on Environment and Public Works.

EC-2949. A communication from the Director of the Federal Emergency Management Agency, transmitting, pursuant to law, a report relative to an extreme fire hazard in the State of Texas; to the Committee on Environment and Public Works.

EC-2950. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, the report of informational copies of three lease prospectuses; to the Committee on Environment and Public Works.

EC-2951. A communication from the President of the United States, transmitting, pursuant to law, the report concerning the extension of waiver authority for the People's Republic of China; to the Committee on Finance.

EC-2952. A communication from the President of the United States, transmitting, pursuant to law, a report concerning Serbia and Montenegro; to the Committee on Banking, Housing, and Urban Affairs.

EC-2953. A communication from the Corporation For Public Broadcasting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC-2954. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a report relative to the International Labor Organization; to the Committee on Foreign Relations.

EC-2955. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a report relative to the United Nations and the Specialized Agencies; to the Committee on Foreign Relations.

EC-2956. A communication from the Acting Administrator of the U.S. Agency For International Development, transmitting, pursuant to law, the report of economic support fund program allocations for fiscal year 1996; to the Committee on Foreign Relations.

EC-2957. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a report relative to the Organization for Security and Cooperation in Europe; to the Committee on Foreign Relations.

EC-2958. A communication from the Under Secretary of State and the Under Secretary of Commerce, transmitting jointly, pursuant to law, a report relative to export controls; to the Committee on Foreign Relations.

EC-2959. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a report relative to the International Customs Observer Mission in Bosnia; to the Committee on Foreign Relations.

EC-2960. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on the status of Exxon and Stripper Well oil overcharge funds as of September 30, 1996; to the Committee on Energy and Natural Resources.

EC-2961. A communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report on the Colorado River Basin Project during water year 1995; to the Committee on Energy and Natural Resources.

EC-2962. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on the San Sevaine Creek Water Project; to the Committee on Energy and Natural Resources.

EC-2963. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on the San Sevaine Creek Water Project; to the Committee on Energy and Natural Resources.

EC-2964. A communication from the Commissioner of the Bureau of Reclamation, Department of the Interior, transmitting, pursuant to law, the report of the financial statements of the Colorado River Basin Project for fiscal year 1994; to the Committee on Energy and Natural Resources.

EC-2965. A communication from the Commissioner of the Bureau of Reclamation, Department of the Interior, transmitting, pursuant to law, the report of the financial statements of the Colorado River Basin Project for fiscal year 1995; to the Committee on Energy and Natural Resources.

EC-2966. A communication from the Chairman of the Mississippi River Corridor Study Commission, transmitting, pursuant to law, a report relative to a Mississippi River National Heritage Corridor; to the Committee on Energy and Natural Resources.

EC-2967. A communication from the Chairman of the Surface Transportation Board, transmitting, pursuant to law, the rule entitled "Exemption from Regulation-Boxcar Traffic," received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2968. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, a rule concerning U.S. Coast Guard Vessel Traffic Services Systems, received on May 31, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2969. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, a rule concerning digital devices received on May 30, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2970. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report concerning the security measures at the Hellenikon International Airport; to the Committee on Commerce, Science, and Transportation.

EC-2971. A communication from the Secretary of Transportation, transmitting, pursuant to law, the report on products used for airport pavement maintenance and rehabilitation; to the Committee on Commerce, Science, and Transportation.

EC-2972. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of three rules including a rule entitled "Groundfish of the Gulf of Alaska," received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2973. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of a rule entitled "Groundfish of the Bering Sea and Aleutian Islands Area," received on May 30, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2974. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of a rule entitled "Groundfish Fishery of the Bering Sea and Aleutian Islands Area," received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2975. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of a rule entitled "Pacific Halibut Fisheries," received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2976. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of six rules including a rule entitled "Vehicle Identification Number Requirements," (RIN2127-AF69, 2127-AF46, 2137-AC66, 2115-AE46) received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2977. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of twenty-three rules including a rule entitled "Child Restraint Systems," (RIN2120-AF52, 2120-AF57, 2120-AA63, 2120-AA66, 2120-AA64) received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2978. A communication from the Program Management Officer, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Groundfish of the Gulf of Alaska," (RIN0648-AI56) received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2979. A communication from the Program Management Officer, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Foreign and Domestic Fishing," (RIN0648-AC61) received on May 20, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2980. A communication from the Program Management Officer, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of three rules including a rule entitled "General Provisions for Domestic Fisheries," received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2981. A communication from the Program Management Officer, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Northeast Multispecies Fishery," (RIN0648-AI94) received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. FAIRCLOTH:

S. 1853. A bill to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property; to the Committee on the Judiciary.

By Mr. ASHCROFT (for Mr. DOLE (for himself, Mr. HATCH, Mr. LOTT, Mr. ASHCROFT, Mr. GRASSLEY, and Mr. INHOFE)):

S. 1854. A bill to amend Federal criminal law with respect to the prosecution of violent and repeat juvenile offenders and controlled substances, and for other purposes; to the Committee on the Judiciary.

By Mr. GRAMM (for himself and Mr. D'AMATO):

S. 1855. A bill to reduce registration fees required to be paid by issuers of securities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FAIRCLOTH:

S. 1853. A bill to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property; to the Committee on the Judiciary.

THE CHURCH ARSON PREVENTION ACT OF 1996

Mr. FAIRCLOTH. Mr. President, over the weekend in my home State of North Carolina, a small black church—the Matthew Murkland Presbyterian Church was destroyed by fire.

This is truly a terrible act. I cannot think of a more despicable act than to burn any church. Nevertheless, this is the 30th such fire for a black church in the last 18 months. In fact, there are reports of another occurring last night.

At this time, we do not know if this is a nationwide effort by some hate group, or the acts of crazed individuals. I would suspect that some of this has been organized, and that some of these are copycat crimes.

Whatever the motivation, the legislation I am introducing would clarify that to burn any church is a Federal crime. Further, this lowers the threshold of damage necessary to make it a Federal crime from $10,000 in damages to $5,000 in damages.

This makes certain that those that are doing this on an organized basis across the Nation will surely be brought to justice for the crimes they are committing.

This is the same bill that Congressmen HYDE and CONYERS have introduced in the House of Representatives.

The President has announced his support for this legislation. It is my hope that the Congress can act on this bill soon and send it to the President.

By Mr. ASHCROFT (for Mr. DOLE (for himself, Mr. HATCH, Mr. LOTT, Mr. ASHCROFT, Mr. GRASSLEY, and Mr. INHOFE)):

S. 1854. A bill to amend Federal criminal law with respect to the prosecution of violent and repeat juvenile offenders and controlled substances, and for other purposes; to the Committee on the Judiciary.

THE VIOLENT AND REPEAT JUVENILE OFFENDER REFORM ACT OF 1996

Mr. ASHCROFT. Mr. President, it seems like the latest incomprehensible tragedy is only the next newspaper away. Today we have an epidemic of juvenile crime. It means that frequently students are unable to focus on their lessons as they seek to enhance their capacity to be of service to themselves, their family, and fellow man as they are in school. They are diverted and distracted because they have concerns about their own safety. They fear they might be robbed or raped. It is not a question of someone throwing spit balls. As a matter of fact, an 8-year-old girl from St. Louis wrote me that crime is real. It has to do with weapons. It has to do with people losing their lives. Young children are afraid. Citizens are afraid to leave their homes because they fear the senseless, mindless attack of predatory youngsters who have become a major threat to the personal security and integrity of individuals in our culture.

We rejoice in the fact there has been some drop in overall crime rates. Frankly, crime rates had nowhere else to go, in general, but down. But they are coming down, and I am pleased by it. But I think it is important we not be deluded, we not be fooled. The fact that, overall, crime rates are coming down should not mask something which should alert us and should literally prompt us into significant response, and that is that, while, overall, crime rates are going down, juvenile crime rates have been skyrocketing. So those components of the crime rate which would signal what we can expect in the future are telling us to beware, to be alert, to brace ourselves, because between 1988 and 1992, juvenile arrests for violent crime increased by 47 percent while adult violent crime arrests increased only by 19 percent. So we had a 2.5-to-1 higher increase, higher explosion in growth in juvenile crime.

Juvenile murders increased by 26 percent, forcible rapes by 41 percent, juvenile robberies by 39 percent, aggravated assaults by 27 percent—an exploding, growing, expanding threat to the safety and security and integrity of the population. Frequently, because we are talking about juveniles, we are finding these individuals are being sent back into classrooms. Teachers do not know what these individuals have done because juvenile records are most frequently sealed. Other students are not aware of the specific conduct, though they frequently know someone has been in trouble. So you get a tremendous wave of insecurity in the classroom.

I think most of us understand, when we work on legislation here, we need a secure environment. We invest substantially in a secure environment here. Yet, when we are preparing the next generation to literally lead America, we have students in our public schools, and teachers, who are having constantly to look over their shoulders, unaware, not knowing, not confident, distressed, discomfited by the fact that we have frequently sent these folks right back into our schools. And our schools are unaware.

I talked to a teacher who indicated she knew there were several people in her classroom who were being housed in a residential juvenile detention facility, sent into the school, some of them even having these electronic shackles, the bracelets they have to wear around their ankle that allows the law enforcement community to monitor their whereabouts. But these students would refuse to tell the teacher the kinds of crimes or offenses which they have been convicted of, so a teacher in the classroom looks at the student and the student says: You know I have been convicted of a crime but I am not going to tell you whether I raped someone or murdered someone or assaulted someone. You just cannot know that.

I submit to you that is not a healthy environment. But it is not just the school environment for which we must be concerned. It is the environment in which we maintain our homes. It is the streets of America, which we must literally reclaim.

I believe the Dole-Hatch bill, which I have just sent to the desk, is a much needed effort to curtail these astronomical growth numbers and to fulfill the first duty of government. We have gotten awfully expansive of government. We teach people how to raise flowers. We address a wide variety of issues—research. But the first, the fundamental duty of government, the reason for which government was initially convened, is to provide for the safety and security and the integrity, the dignity of individual human beings, so we can be free from assault, so we can have the potential of reaching the level of achievement for which God created us and for which God placed in us this potential.

I believe we have to return to that fundamental. The Dole-Hatch bill is a bill which is designed to address violent juvenile criminal activity. It is designed to sweep away the sort of idea that it is something we can ignore or simply patch over. We have to address it constructively. It will remedy misguided Federal efforts to excuse juvenile behavior because people are just juveniles. It will begin to provide a basis for accountability.

I have to say I understand there are a number of juveniles who will not become career criminals. We do not want them to. We would not make that any more likely with this bill. But I think, for very serious juvenile offenders, we have to send a serious signal to them about the nature of their activity.

President CLINTON yesterday warned of a potential wave of juvenile crime in the next 5 years. The truth of the matter is, it is not a wave, it is an explosion. The President recommended a so-called gentle combination of laws and prevention programs to deflect this onslaught of violent teens.

I have to say I believe a gentle combination will not get the job done. I think we have to begin to treat criminals as criminals. For those individuals who commit rape, armed robbery, murder, armed assault, major drug offenses, we cannot have any more gentle approaches. We have to say you are going to have to stand for trial as an adult.

The Federal Government's response, and President CLINTON'S response, his solution, is always to offer more money for social programs such as delinquency prevention, treatment, recreation. I have held hearings around my State. I know the Senator from Iowa has held hearings around his State. We have talked to juvenile officials, those who deal with the juveniles. We have talked to sheriffs. We have talked to prosecutors. We have heard them tell us how juvenile individuals who are involved in criminal acts are simply playing the system. They sometimes look forward to a juvenile detention facility. They know they can hide behind their status as juveniles, that they do not have to be really answerable for their activities.

The administration has not been active in prosecuting those who have offended the Federal laws. There have only been 233 convictions in the Clinton administration of juveniles as adults. I think for the major categories of criminal activity when juveniles are committing crimes which, if committed by adults, would be felonies, we need a serious approach.

One of the things that stunned me about the testimony of Prof. John DiIulio from Princeton, one of the leading criminologists in America, is his report that when he interviews inmates of major prisons, their main worry is about the young prisoners who are going to be sent in. They are so hardened as criminals and have been allowed to be so indiscriminate in their violence before they finally get thrown into jail that the old-time criminals are scared stiff. They are afraid of what is happening.

Those on the inside, the old-time, long-time criminal element in our Nation's prison systems, are fearful because they see what we have done by turning our heads to activity, so long as it is conducted by a juvenile, and allowing individuals to harden their approach to the safety and security and integrity of other individuals, and they are afraid. America needs to respond, and it needs to respond dramatically.

The Dole-Hatch bill, also cosponsored by Senator LOTT and myself and, I am pleased to say, Senator GRASSLEY is to be added as an original cosponsor of the bill, is a measure which would begin to focus the energy and resources of the Federal Government on this part of crime, which is exploding, this part of crime which is growing at an incredible rate: juvenile crime; violent repeat juvenile criminal behavior.

The estimated total amount of Federal appropriations used for at-risk and delinquent youth was more than $4 billion last year. Of these billions sent to the States, a very few million were to be used for investigation, prosecution, and detention. It is time we looked carefully at how we can assist States and how we can carry our share of the load in the Federal Government as it relates to actually prosecuting those individuals who are guilty of committing acts which, if committed as adults, would be clearly and simply felonies.

They threaten the lives of people, they undermine the security of their property, they destabilize and disrupt our educational process. It is something which we cannot tolerate, it is something with which we cannot be coddling, it is something with which we must be forthwith. We can do much more, and the Dole-Hatch bill is an enormous step in the right direction.

Let me briefly give you some of the things that are important about the Dole-Hatch bill which I believe make it a very promising way to address this most serious problem.

One of the difficulties in the area of juvenile laws is the fact that juvenile records frequently have been sealed. Proceedings of juveniles are closed proceedings. Records are not available. Teachers who have to deal with these individuals in schools do not know what they have on their hands.

I talked to the sheriff—and I am sure my colleague from Iowa, Senator GRASSLEY, has talked to local officials—but I talked to the sheriff in Moniteau County, MO. The biggest town in Moniteau County is California, MO. People say they are going to California in central Missouri. People do not think you are going to the west coast, they think you are going to California, MO. It is not a big town.

I asked what his No. 1 crime problem was, and he said it was juveniles coming in from out of State trying to set up a drug operation in Moniteau County and he could not call the States from which these juveniles came and get their records, because there was a big blanket of security, security for the criminal but not for the society, a blanket of nondisclosure over juvenile records. I think it is high time that when people commit felonious acts, when they are criminals, that we have an understanding of what they have done and then when they move on to another jurisdiction, we have to be able to find out what their history is.

I talked to a judge not too long ago. He said he was sentencing an 18-year-old for murder. He thought it was the individual's first offense. Inadvertently did he discover the individual was originally from the west coast and had a juvenile record that included other murders. I do not think it is fair to expect a judicial system to operate in relation to repeat offenders, repeat violent predators and to allow those repeat violent predators to have the presumption that they are first offenders when they have a rap sheet as long as from here to Chicago.

The truth is, if those people do criminal acts, those acts ought to be made available to law enforcement officials, judges, schoolteachers and school officials, not only because we will know how to take steps to protect the other students and the school environment—that would be enough of a reason—but we can do our best to change the way people operate, we can do our best to help them redirect their lives if they are not allowed to hide under a shield of juvenile laws that keep their records from being known.

A significant part of the Dole-Hatch proposal is that such records can be maintained and developed at Federal expense if such records are made available to law enforcement and school authorities, including those outside the State. The juvenile community in America is very mobile. The Bloods and the Crips are no longer focused on the seaboards of this country. I am sure they are in Oklahoma City, like they are in Kansas City and some, from time to time, are found in smaller cities of Missouri and across the United States of America.

It is fundamentally important that we not provide this blanket of security for criminal activity; that we expose to the light of day the acts of individuals whose conduct threatens the very security and integrity and dignity of the American public and also threatens substantially our ability to operate our public schools. I, for one, am loath to see us fail to protect our public education system.

Second, this measure provides States will get 50 percent more in funding if they prosecute as adults juveniles 14 or older who commit murder, rape, armed robbery, aggravated assault, and distribution of controlled substances. The funding will be substantially greater to States who decide to get serious.

I do not think it is unfair at all for the Federal Government to say we are not interested in providing resources just for social programs. If we are really worried about the threat to the integrity, to the security, to the safety of our citizenry, then for States who are really serious about protecting them, we will provide more funding. States who are serious enough to provide real prosecutions will get additional funding.

The bill establishes an Office of Juvenile Accountability to assist the States in the prosecution of offenders and in combating youth violence. To get funding, States would have to make reasonable efforts to ensure by 2002 that juvenile proceedings will be open to the public, that juvenile records will be made available to schools and law enforcement agencies, and that fingerprint records will be kept for all juvenile offenders.

The idea that we have repeat, serious predatory criminals who are not fingerprinted because they are juveniles and we do not have the capacity to follow their activities and to monitor what they are doing is an idea whose time has passed. It is time for us to understand that it is not spitballs in the hall and it is not just truancy. We have major criminal activity, and we should respond to it as such.

Reform of the Federal juvenile justice system would be included here. It would hold juveniles 13 or older accountable as adults for the commission of violent crimes, such as murder and robbery, drug trafficking, or if they have been adjudicated delinquent on three previous offenses which, if the activity had been committed by an adult, would have been felonies.

What we are really talking about here is focusing our attention on those juveniles who have been extremely disruptive and violent and who have decided that they can game or take advantage of the system, and, when they take advantage of the system, to hide under it as juveniles. We have to say there is no hiding place down here. We simply have to say very clearly, "If you're going to make a conscious decision to be involved in criminal activity, then you'll be treated as a criminal, not as a juvenile."

Note what we do not do here. We do not say that everyone's first encounter with the law, if it is for some kind of activity which is not serious, automatically puts them into the adult criminal system. Ninety percent of all the juveniles that encounter our system encounter it once. They have learned their lesson.

This system does not do anything to deal with those individuals unless they have committed murder, rape, armed robbery, armed assault, or major drug trafficking crimes. And you are pretty sure that is not a first encounter of someone with the system. So for the individuals in our juvenile justice system for whom the system has worked, this system does not affect them. But it begins to say, for those in the 10 percent that are involved in the serious, repeat, predatory, violent crimes of rape, armed robbery, armed assault, murder, major drug trafficking, those individuals are to be treated as criminals because they are involved in criminal activity.

It is my judgment that it is beyond time for us to recognize that the times have changed, that criminal activity and juvenile delinquency is not what it once was. It is a new category of offense. It demands a new category of response.

The same responses that have worked in the past will not work in the future, not unless we are willing to accept the tidal wave, this explosion of countercultural crime. It is against the culture which says crime is going down overall. It is countercultural because it is going up dramatically.

We owe it to every man, woman, and child in America to do what we can to protect their integrity for their personal safety, the safety and security of their property as well as their persons. We owe it to every schoolteacher. We owe it to every schoolchild. We owe it to individuals who are trying to prepare themselves for a future in these United States of America so they can build these United States of America rather than tear down these United States of America. We owe them schools that are safe enough in which to learn.

The Dole-Hatch bill, which addresses the core problem of violent, hard-core, repeat juvenile offenders, will do exactly that. It focuses the resources on investigation and prosecution. It does not focus the resources where we have had $4 billion spent previously, coinciding with the explosion of juvenile crime in the culture. It does not deny that effort that is being made to try to provide the right reinforcements and support for individuals who want to stay straight, but it says that effort can no longer characterize solely what we are doing.

We must be willing to get involved in investigation, prosecution, detention, and punishment for individuals involved in predatory crimes which deprive us of our security, of our integrity and our safety. And we must treat those who choose to be criminals as criminals in order to address this serious problem.

So I am pleased to have this opportunity to submit the Dole-Hatch measure addressing this serious problem of violent, repeat, hard-core juvenile offenders and to commend the majority leader and the chairman of the Judiciary Committee for this farsighted measure, which will take serious steps to curtail this threat to the liberty which all Americans have a right to enjoy.

By Mr. GRAMM (for himself and Mr. D'AMATO):

S. 1855. A bill to reduce registration fees required to be paid by issuers of securities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE SECURITIES AND EXCHANGE COMMISSION FEE REDUCTION ACT OF 1996

• Mr. GRAMM. Mr. President, today, I am joined by Banking Committee Chairman D'AMATO in introducing the Securities and Exchange Commission Fee Reduction Act of 1996. This legislation is similar to a bill that was approved overwhelmingly by the House of Representatives earlier this year, and it should enjoy similar support in the Senate.

Today, so-called user fees collected by the Securities and Exchange Commission [SEC] will pay for the entire SEC budget nearly three times over. These fees have become transformed into a tax on investment and capital formation. The legislation that we are introducing today will reduce these excess fees in stages over a period of 5 years until the amounts collected are approximately in line with the budget of the SEC.

Mr. President, permit me to review the history of these fees, so that this bill, and its importance, can be placed in context. For many years a variety of user fees have been assessed to support the budget of the SEC. The most significant of these fees is assessed on new securities issues as they are registered with the Commission. A lesser fee is imposed on New York and American Stock Exchange trades.

From their inception, fees were kept minimal, closely related to the cost of actually running the SEC, and therefore could be called user fees, paid so that the SEC could guard the integrity of our securities markets, a clear benefit to everybody. That began to change with the 1990 budget. The slump in market activity following Black Monday in 1987 caused worry in some quarters that the money generated by existing fees might not keep pace with the growing budget of the SEC. So the registration fees were raised, temporarily. That not only made up for lost revenue, it inadvertently produced annual surpluses of up to $70 million over and above the SEC's budget.

Creating a surplus by raising a fee is a dangerous precedent. Before 1992, the SEC user fees had become a cash cow. Even so, the registration fee ratio was altered again. The surplus then jumped to $180 million and had continued to climb each year since. It will approach $400 million this year.

It it improbable that a more destructive way to raise revenues could be found. Not unlike an increase in interest rates, the registration fees increase the cost of raising equity capital, with the unavoidable result that equity investment is lower than it would otherwise be. These fees have raised the cost of entry into the equity markets.

The cost to the economy is immense. These fees tax our economy's seed capital—the money needed to create a harvest of new jobs, goods, services, economic growth, and opportunity. Clearly, the cost of these taxes imposed on new stock issues and stock trades measured in loss of economic activity must be counted in billions of dollars.

Since a tax on new issues and equity transactions must be among the most inefficient ways to raise revenues, such a tax should never be used to fund general government. That is why I oppose setting fees at a level higher than necessary to fund the SEC. The adoption of this bill will return us to this principle, which governed SEC fees prior to the change in 1990.

These excess fees have been recognized as a tax by the House Ways and Means Committee. This fact resulted in a near shutdown of the SEC 2 years ago in a dispute between the Appropriations and Ways and Means Committees over jurisdiction for tax legislation. To prevent a recurrence of that problem, a compromise was reached whereby the Ways and Means Committee will withhold its objections to such fees being raised in appropriations bills, but only while the excess fees are on track to their elimination. This bill implements that compromise, which also has the full support of the authorizing committee in the House and the SEC.

This legislation is revenue neutral, since the excess SEC fees have not been used for deficit reduction but rather as offsetting collections in appropriations bills. The fees collected for deficit reduction purposes remain unchanged.

Mr. President, this position finds a strong consensus in this Congress. The legislation adopted by the House of Representatives had the support of Republicans and Democrats and was carefully crafted in consultation with the Ways and Means, Commerce, and Appropriations Committees of the other body. I believe that the companion bill we are introducing today will find similar support here.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1855

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Securities and Exchange Commission Fee Reduction Act of 1996".

SEC. 2. REDUCING REGISTRATION FEES.

Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended to read as follows:

"(b) REGISTRATION FEE.—

"(1) FEE PAYMENT REQUIRED.—

"(A) IN GENERAL.—At the time of filing a registration statement, the applicant shall pay to the Commission a fee that shall be equal to the sum of the amounts (if any) determined under the rates established by paragraph (3).

"(B) PUBLICATION OF FEES.—The Commission shall publish in the Federal Register notices of the fee rates applicable under this subsection for each fiscal year.

"(C) AMOUNTS OF FEES.—In no case shall a minimum fee required by this subsection be greater than $100.

"(2) GENERAL REVENUE FEES.—

"(A) RATE.—The rate determined under this paragraph is a rate equal to—

"(i) during each fiscal year before fiscal year 2002, $200 for each $1,000,000 of the maximum aggregate price at which the subject securities are proposed to be offered; and

"(ii) during fiscal year 2002 and each succeeding fiscal year, $182 for each $1,000,000 of the maximum aggregate price at which the subject securities are proposed to be offered.

"(B) REVENUES OF TREASURY.—Fees collected during any fiscal year pursuant to this paragraph shall be deposited and credited as general revenues of the Treasury.

"(3) OFFSETTING COLLECTION FEES.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), for each $1,000,000 of the maximum aggregate price at which the subject securities are proposed to be offered, the rate determined under this paragraph is a rate equal to—

"(i) $103 during fiscal year 1997;

"(ii) $70 during fiscal year 1998;

"(iii) $38 during fiscal year 1999;

"(iv) $17 during fiscal year 2000; and

"(v) $0 during fiscal year 2001 or any succeeding fiscal year.

"(B) LIMITATION; DEPOSIT.—Except as provided in subparagraph (C), no amounts shall be collected pursuant to this paragraph for any fiscal year except to the extent provided in advance in appropriations Acts. Fees collected during any fiscal year pursuant to this paragraph shall be deposited and credited as offsetting collections in accordance with appropriations Acts.

"(C) LAPSE OF APPROPRIATIONS.—If, on the first day of a fiscal year, a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this paragraph at the rate in effect during the preceding fiscal year, until such a regular appropriation is enacted.".

SEC. 3. TRANSACTION FEES.

(a) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended to read as follows:

"SEC. 31. TRANSACTION FEES.

"(a) EXCHANGE-TRADED SECURITIES.—

"(1) RATE.—Each national securities exchange shall pay to the Commission a fee at a rate equal to—

"(A) $33 for each $1,000,000 of the aggregate dollar amount of sales of securities (other than bonds, debentures, and other evidences of indebtedness) transacted on such national securities exchange during the period to which the fee relates under subsection (d); and

"(B) for fiscal year 2002 and each succeeding fiscal year, $25 for each $1,000,000 of such aggregate dollar amount of sales during the period to which the fee relates under subsection (d).

"(2) REVENUES OF TREASURY.—Fees collected pursuant to this subsection shall be deposited and collected as general revenue of the Treasury.

"(b) OFF-EXCHANGE-TRADES OF EXCHANGE-REGISTERED SECURITIES.—

"(1) RATES.—Each national securities association shall pay to the Commission a fee at a rate equal to—

"(A) $33 for each $1,000,000 of the aggregate dollar amount of sales transacted during the period to which the fee relates under subsection (d) by or through any member of such association otherwise than on a national securities exchange of securities registered on such an exchange (other than bonds, debentures, and other evidences of indebtedness); and

"(B) for fiscal year 2002 and each succeeding fiscal year, $25 for each $1,000,000 of the aggregate dollar amount of sales referral to in subparagraph (A) during the period to which the fee relates under subsection (d).

"(2) REVENUES OF TREASURY.—Fees collected pursuant to this subsection shall be deposited and collected as general revenue of the Treasury.

"(c) OFF-EXCHANGE-TRADES OF LAST-SALE-REPORTED SECURITIES.—

"(1) COVERED TRANSACTIONS.—Each national securities association shall pay to the Commission a fee at a rate equal to the dollar amount determined under paragraph (2) for each $1,000,000 of the aggregate dollar amount of sales transacted during the period to which the fee relates under subsection (d) by or through any member of such association otherwise than on a national securities exchange of securities (other than bonds, debentures, and other evidences of indebtedness) subject to prompt last sale reporting pursuant to the rules of the Commission or a registered national securities association, excluding any sales for which a fee is paid under subsection (b).

"(2) FEE RATES.—Except as provided in paragraph (4), the dollar amount determined under this paragraph is—

"(A) $12 for fiscal year 1997;

"(B) $14 for fiscal year 1998;

"(C) $17 for fiscal year 1999;

"(D) $18 for fiscal year 2000;

"(E) $20 for fiscal year 2001; and

"(F) $25 for fiscal year 2002 or for any succeeding fiscal year.

"(3) LIMITATION; DEPOSIT OF FEES.—Except as provided in paragraph (4), no amounts shall be collected pursuant to this subsection for any fiscal year beginning before October 1, 2001, except to the extent provided in advance in appropriations Acts. Fees collected during any such fiscal year pursuant to this subsection shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, except that any amounts in excess of the following amounts (and any amount collected for fiscal years beginning on or after October 1, 2001) shall be deposited and credited as general revenues of the Treasury:

"(A) $20,000,000 for fiscal year 1997.

"(B) $26,000,000 for fiscal year 1998.

"(C) $32,000,000 for fiscal year 1999.

"(D) $32,000,000 for fiscal year 2000.

"(E) $32,000,000 for fiscal year 2001.

"(F) $0 for fiscal year 2002 and any succeeding fiscal year.

"(4) LAPSE OF APPROPRIATIONS.—If, on the first day of a fiscal year, a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until such a regular appropriation is enacted.

"(d) DATES FOR PAYMENT OF FEES.—The fees required by subsections (a), (b), and (c) shall be paid—

"(1) on or before March 15, with respect to transactions and sales occurring during the period beginning on the preceding September 1 and ending at the close of the preceding December 31; and

"(2) on or before September 30, with respect to transactions and sales occurring during the period beginning on the preceding January 1 and ending at the close of the preceding August 31.

"(e) EXEMPTIONS.—

"(1) COMMISSION AUTHORITY.—The Commission may, by rule, exempt any sale of securities or any class of sales of securities from any fee imposed by this section, if the Commission finds that such exemption is consistent with the public interest, the equal regulation of markets and brokers and dealers, and the development of a national market system.

"(2) LOW-VOLUME TRANSACTIONS.—No fee shall be assessed under this section for transactions involving portfolios of equity securities taking place at times of day characterized by low volume and during nontraditional trading hours, as determined by the Commission.

"(f) PUBLICATION.—The Commission shall publish in the Federal Register notices of the fee rates applicable under this section for each fiscal year.".

(b) EFFECTIVE DATE; TRANSITION.—

(1) EFFECTIVE DATE.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply with respect to transactions in securities that occur on or after October 1, 1996.

(2) OFF-EXCHANGE TRADES OF LAST SALE REPORTED TRANSACTIONS.—The amendment made by subsection (a) shall apply with respect to transactions described in section 31(d)(1) of the Securities Exchange Act of 1934 (as amended by subsection (a) of this section) that occur on or after October 1, 1996.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to affect the obligation of national securities exchanges and registered brokers and dealers under section 31 of the Securities Exchange Act of 1934, as in effect on the day before the effective date of the amendment made by subsection (a), to make the payments required by such section on March 15, 1997.

SEC. 4. TIME FOR PAYMENT.

Section 4(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(e)) is amended by inserting before the period at the end the following: ", and the Commission may also specify the time that such fee shall be determined and paid relative to the filing of any statement or document with the Commission".

SEC. 5. ELIMINATION OF UNNECESSARY FEES.

The fees authorized by the amendments made by this Act are in lieu of, and not in addition to, any fees that the Securities and Exchange Commission is authorized to impose or collect pursuant to section 9701 of title 31, United States Code.•

• Mr. D'AMATO. Mr. President, I am pleased to join my distinguished colleague and Securities Subcommittee Chairman, Senator GRAMM, in sponsoring legislation to fully and fairly fund the Securities and Exchange Commission. The Securities and Exchange Commission Fee Reduction Act of 1996 provides a long-term solution to the SEC's current funding problems.

The Securities and Exchange Commission is funded through offsetting collections to increases in its section 6(b) fees. Section 6(b) fees are paid by issuers who register their securities with the Securities and Exchange Commission. In the last several years, the section 6(b) fees assessed on issuers has resulted in fees collected by the agency that far exceeds the cost of regulation. Any fees raised over and above the Securities and Exchange Commission's budget are deposited into the General Treasury for deficit reduction. Last year, the SEC raised approximately $750 million in fees to pay for a budget of less than $300 million.

The section 6(b) fees have become a tax on capital formation. These user fees now raise enough money to fund the SEC three times. The proposed 1997 budget continues this trend by raising the statutory fee level and expanding the fee base. The 1997 budget proposal raises $776 million in fees to fund the SEC's $307 million budget.

The Securities and Exchange Commission Fee Reduction Act will stabilize the SEC's fee structure by reducing fees and increasing appropriations over a 5-year period. It will return the section 6(b) registration fees closer to the statutory level of one-fiftieth of 1 percent and it will create a more equitable fee structure by expanding current section 31 trading fees now paid only for transactions executed on securities exchanges to include transactions on the over-the-counter market. As fees are reduced over the 5-year period, direct appropriations will be used to fund the SEC.

Mr. President, the bill Senator GRAMM and I introduce today will create a permanent funding structure for the SEC that enables the agency to pay for itself. At one point several years ago, Congress considered making the SEC a self-funded agency. The fee structure in H.R. 2972 allows the SEC to be virtually self-funded, yet gives Congress greater control over the agency.

It is critical for Congress to ensure that a stable and fair funding structure exists for the agency responsible for safeguarding our preeminent capital markets. Further, fees paid by participants in the securities markets—particularly for capital formation—should bear a rational relationship to the cost of regulation.

In the words of Securities and Exchange Commission Levitt when testifying before the Commerce, State, Judiciary Appropriations Subcommittee: "In order to continue the Commission's excellent record of effective law enforcement, market oversight, and investor protection the SEC will need a long-term funding mechanism."

Mr. President, the bill we introduce today resolves the long-debated problem of how to provide the Securities and Exchange Commission with a permanent funding structure that allows the SEC to pay for itself. I commend my colleague from Texas for his leadership on this legislation and look forward to working with him to enact the Securities and Exchange Commission Fee Reduction Act of 1996.•

ADDITIONAL COSPONSORS

S. 794

At the request of Mr. LUGAR, the name of the Senator from California [Mrs. BOXER] was added as a cosponsor of S. 794, a bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act to facilitate the minor use of a pesticide, and for other purposes.

S. 800

At the request of Mr. COCHRAN, the name of the Senator from Arkansas [Mr. PRYOR] was added as a cosponsor of S. 800, a bill to provide for hearing care services by audiologists to Federal civilian employees.

S. 1166

At the request of Mr. LUGAR, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 1166, a bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act, to improve the registration of pesticides, to provide minor use crop protection, to improve pesticide tolerances to safeguard infants and children, and for other purposes.

S. 1189

At the request of Mr. DEWINE, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 1189, a bill to provide procedures for claims for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products.

S. 1460

At the request of Mrs. BOXER, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of S. 1460, a bill to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

S. 1505

At the request of Mr. PRESSLER, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1505, a bill to reduce risk to public safety and the environment associated with pipeline transportation of natural gas and hazardous liquids, and for other purposes.

S. 1612

At the request of Mr. HELMS, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 1612, a bill to provide for increased mandatory minimum sentences for criminals possessing firearms, and for other purposes.

S. 1735

At the request of Mr. PRESSLER, the names of the Senator from Pennsylvania [Mr. SANTORUM], the Senator from Kentucky [Mr. MCCONNELL], and the Senator from Wisconsin [Mr. FEINGOLD] were added as cosponsors of S. 1735, a bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

S. 1831

At the request of Mr. PRESSLER, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1831, a bill to amend title 49, United States Code, to authorize appropriations for fiscal years 1997, 1998, and 1999 for the National Transportation Safety Board, and for other purposes.

ADDITIONAL STATEMENTS

COMMEMORATING THE BIRTH OF IMRE NAGY

• Mr. D'AMATO. Mr President, I rise today to call my colleagues' attention to the 100th anniversary of the birth of Imre Nagy, the Prime Minister of Hungary during the Hungarian revolt against Soviet Communist domination. Born on June 7, 1896, Nagy was executed after a secret trial for his role in leading the revolt.

His contribution to the Hungarian people and to the cause of freedom did not end with his execution on June 16, 1958. Thirty-one years later, after his secretly interred remains were exhumed, on June 16, 1989, over 100,000 people took part in public funeral services. This was a significant step in the fall of the Soviet Empire, lending impetus to Hungary's internal liberalization.

Over the summer of 1989, Hungary began to dismantle its part of the Iron Curtain on its western border. In September 1989, Hungary opened the border for East German refugees to travel to the Federal Republic of Germany.

This action sparked the exodus of East Germans to the West, and ignited a revolution in East Germany that later spread to Czechoslovakia. It led directly to the fall of the Wall, an event most Americans never expected to see in their lifetimes, and the eventual collapse of the Soviet Union, an even more improbable event.

Imre Nagy was a dedicated Communist, but he was also a patriotic Hungarian, and original thinker, a leader, and a very brave man. He fought for the Bolshevik forces during the Russian Revolution of 1917, and participated in the Bela Kun Communist regime in Hungary in March 1919.

After the fall of that regime, he spent the inter-war years in the Soviet Union, studying and making propaganda broadcasts back to Hungary.

After the Red Army drove Nazi forces out of Hungary at the end of World War II, Nagy returned and participated in the newly established Government, eventually becoming Prime Minister on July 4, 1953.

His rise to power in Hungary coincided with the death of Josef Stalin. He attempted to liberalize the Stalinist system that had been imposed on Hungary. His program of National Communism, however, posed a grave threat to Soviet domination. He was removed from government and expelled from the Hungarian Communist Party in 1955.

However, as the only communist who had the trust of the Hungarian people, he was recalled to be Prime Minister on October 24, 1956, after the Hungarian revolt had begun. He held that position until November 4, 1956, when the Soviet Red Army crushed the revolt in bloody combat.

Nagy sought asylum in the Yugoslav Embassy in Budapest, where he remained until November 22, 1956. Then, apparently believing the promises of safe conduct issued by the Janos Kadar government, he left the safety of the Embassy only to be arrested by Soviet forces.

He was turned over to Hungarian authorities, who tried him in secret and sentenced him to death. He refused an offer of clemency and was executed on June 16, 1958.

He had made the error of taking the promises of communism at face value, when they were false and fundamentally corrupt. He paid with his life for that mistake.

The selflessness, fearless valor, dedication to the cause of freedom, and love for his country Imre Nagy displayed throughout the Hungarian revolt of 1956 helped highlight the hypocrisy and reveal the basic evil nature of Soviet-style communism. It started a fire in the hearts of Hungarians that Soviet tanks and secret police were never able to extinguish.

Imre Nagy gave his life for eternal ideals: freedom, liberty, human dignity, and selfless love of his people. He saw that evil, in the form of Soviet-style communism, triumphed because too many good people, including political leaders, did nothing. Imre Nagy dreamed of change for the better for all Hungarians. He acted upon his dreams, showing true leadership, courage, and determination.

He paid the ultimate price for his convictions, but his sacrifice was not in vain. Hungary, along with other Eastern European nations, regained its independence in 1990, and the Soviet Union itself collapsed in 1991. His executioners killed Imre Nagy's physical body, but they could not kill his spirit. In the end, freedom triumphed, and I am confident that future generations will draw inspiration and courage from his example.

For his contributions to his country and the cause of freedom, Imre Nagy deserves to be remembered, not just by all those of Hungarian descent, but by all who love freedom.•

ORDERS FOR TUESDAY, JUNE 11, 1996

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9 a.m., Tuesday, June 11; further, that immediately following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, there then be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each; I further ask unanimous consent that Senator NICKLES be in control of the time between 10 and 12 noon, with the exception of 15 minutes between 11:30 and 11:45 be reserved for Senator BYRD, and 10 minutes be reserved between 11:45 and 11:55 for Senator DASCHLE, and, further, that the majority leader be recognized at the hour of 12 noon—approximately 12 noon—and the Senate then stand in recess until the hour of 2:15 immediately following those remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, for the information of all Senators, on Tuesday morning there will be a period of morning business during which the Senate will consider any legislative or executive items that can be cleared. Following the 2 hours under the control of Senator NICKLES, the majority leader will be recognized. Following those remarks, the Senate will recess until the hour of 2:15 for the weekly policy conferences to meet. At 2:15, following the swearing in of Lieutenant Governor Frahm of Kansas as a U.S. Senator, the Senate will begin consideration of the budget conference report under the 10-hour time limitation. It is still hoped that much of the debate time will be yielded back so that the Senate may complete action during Tuesday's session of the Senate.

HEALTH CARE REFORM

Mr. DOLE. Mr. President, let me also indicate to my colleagues that we have just completed a very successful meeting with Republican House Members and Republican Senators on health care reform. We have now reached agreement on the Republican side. Senator KASSEBAUM, Senator ROTH, Congressman ARCHER, Congressman HASTERT, Congressman ARMEY, the Speaker, myself, Congressman KASICH, and many others have been involved in this process.

We believe that we have put together a good, solid, health reform bill that will help millions and millions of Americans. My only regret is that we cannot vote on it before I leave at 2 o'clock tomorrow. But we have the agreement. That is the important thing. I hope now that the Democrats, including the Senator from Massachusetts, Senator KENNEDY, will take a hard look at what we have been able to put together. In our view it goes a long way in ensuring portability. It does a great deal for the self-employed. It does a great deal in making health care affordable. It also will start the MSA process, medical savings accounts, which have broad appeal in this country.

We believe we are on the right track. So now it is up to the White House. It is up to the President. I hope the President will say this is good, this is close enough, maybe not everything he wanted. It is not everything we wanted, but that is the way it works when you go to conference.

So the Republicans have agreed. Now we need to appoint conferees. Hopefully our Democratic colleagues will let us do that tomorrow. They refused to let us appoint conferees. But now since the Republicans have agreed—we are the majority party—I hope there will be an effort to come together. I want to thank particularly my colleague, Senator KASSEBAUM, and also Congressman ARCHER. They both had to give up—you cannot have everything. They both gave considerable amounts in the negotiations. But I think we reached a very good agreement, I mean good in the sense for the American people.

WE ARE ON THE RIGHT TRACK

Mr. DOLE. Mr. President, this is the last time I will close the Senate. I will open the Senate tomorrow morning. I will make a statement sometime around noon tomorrow. But I want to thank all the staff and all my colleagues. And we will all be looking back at what happens in this Congress, what action was taken, what did we do for the American people, what did we do to the American people.

I believe when the record is added up, the asset side, the debit side, the assets will far outweigh the debit side. We are on the right track. We are trying to reduce the role of Government. We are trying to balance the budget, which 83 percent of the American people think we should do. We failed to pass a balanced budget amendment by two votes—two votes last week, and last March by one vote. That is not the end. And I hope that that will happen sometime, if not this year, next year.

But whether it is welfare reform or Medicaid reform or trying to save Medicare, trying to change the tax system, to downsize the IRS, and a lot of things we think should be done, my view is the American people will believe we are on the right track, as long as they are told the truth, and as long as we keep our word. If we do not tell the truth, then you cannot fault the American people for being cynical about Congress and about those of us who have been honored and privileged to serve in the Congress.

So I will keep an eye on all you people now that I am leaving. We will look back from time to time and see how Congress is responding. And I will be back from time to time as my party's nominee to visit with the leadership in the House and the Senate and many of my other friends in the Senate.

So it has been a good ride. I have certainly enjoyed my time as leader of the Republican side, as the majority leader and the minority leader. But I must say, I enjoyed more being the majority leader. There is a thing about being in the majority that is a bit better than being in the minority, particularly when as Republicans we waited so long for it to happen, 40 years. I think the Democrats agree, 40 years is a long wait. But it happened. We are proud of it. And we are proud of America.

ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. DOLE. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:45 p.m. adjourned until Tuesday, June 11, 1996, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate, June 10, 1996:

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

EVERETT ALVEREZ, JR., OF MARYLAND, TO BE A MEMBER OF THE BOARD OF REGENTS OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES FOR A TERM EXPIRING MAY 1, 1999. (REAPPOINTMENT)

DEPARTMENT OF ENERGY

VICKY A. BAILEY, OF INDIANA, TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION FOR THE TERM EXPIRING JUNE 30, 2001. (REAPPOINTMENT)

DEPARTMENT OF STATE

WYCHE FOWLER, JR., OF GEORGIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KINGDOM OF SAUDI ARABIA.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

REGINALD EARL JONES, OF MARYLAND, TO BE A MEMBER OF THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION FOR A TERM EXPIRING JULY 1, 2000, VICE ROSALIE GAULL SILBERMAN, TERM EXPIRED.

CORPORATION FOR PUBLIC BROADCASTING

HEIDI H. SCHULMAN, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING JANUARY 31, 2002, VICE MARTHA BUCHANAN, RESIGNED.

PUBLIC HEALTH SERVICE

THE FOLLOWING CANDIDATES FOR PERSONNEL ACTION IN THE REGULAR CORPS OF THE PUBLIC HEALTH SERVICE SUBJECT TO QUALIFICATIONS THEREFOR AS PROVIDED BY LAW AND REGULATIONS:

1. FOR APPOINTMENT:

To be assistant surgeon:

JOHN M. BALINTONA
AL-KARIM A. DHANJI
HEIDI C. ERICKSON
TRACEY A. FORD
ROCHELLE NOLTE
DAVID C. HOUGHTON
JOHN MOHS
MARK A. SHEFFLER
KIMBERLY S. STOLZ

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be general

LT. GEN. HOWELL M. ESTES III [redacted]

THE FOLLOWING-NAMED OFFICER FOR PROMOTION IN THE REGULAR AIR FORCE OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be brigadier general

COL. GILBERT J. REGAN [redacted] U.S. AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, TO THE GRADE INDICATED, UNDER TITLE 10, UNITED STATES CODE, SECTIONS 8374, 12201, AND 12212:

To be brigadier general

COL. CHRISTOPHER J. LUNA [redacted] AIR NATIONAL GUARD OF THE UNITED STATES.

IN THE ARMY

THE FOLLOWING U.S. ARMY NATIONAL GUARD OFFICER FOR PROMOTION IN THE RESERVE OF THE ARMY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 3385, 3392 AND 12203(A):

To to brigadier general

COL. LLOYD E. KRASE [redacted]

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. MARINE CORPS WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER THE PROVISIONS OF SECTION 601(A), TITLE 10, UNITED STATES CODE:

To be lieutenant general

MAJ. GEN. PETER PACE [redacted]

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10 UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. (SELECTION) CHARLES S. ABBOTT [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be admiral

VICE ADM. THOMAS J. LOPEZ [redacted]

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10 U.S.C., SECTION 601:

To be vice admiral

VICE ADM. DONALD L. PILLING, [redacted]

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10 U.S.C., SECTION 601:

To be vice admiral

VICE ADM. JOHN S. REDD [redacted]

WITHDRAWAL

Executive message transmitted by the President to the Senate on June 10, 1996, withdrawing from further Senate consideration the following nomination:

CORPORATION FOR PUBLIC BROADCASTING

HEIDI H. SCHULMAN, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING JANUARY 31, 2002, VICE LESLEE B. ALEXANDER, TERM EXPIRED, WHICH WAS SENT TO THE SENATE ON MAY 23, 1996.